



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

Communication with Those Charged with Governance

To Management, Mayor and City Council of
City of Shavano Park

We have audited the financial statements of City of Shavano Park as of and for the year ended September 30, 2020, and have issued our report thereon dated December 30, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated January 30, 2020, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Shavano Park solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Shavano Park is included in Note A to the financial statements. There were no new accounting policies adopted and no changes in significant accounting policies or their application during 2020.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

1. Useful lives of depreciable assets
2. Allowance for uncollectible property tax and utility receivables
3. Net Pension and total OPEB Liability assumptions for mortality rates and investment returns

We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting City of Shavano Park's financial statements.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Representations Requested from Management

We have requested certain written representations from management in a separate letter dated December 30, 2020.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to City of Shavano Park's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Shavano Park, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Shavano Park's auditors.

This information is intended solely for the information and use of the Mayor, City Council and management of City of Shavano Park and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Armstrong, Vaughan & Associates, PC
December 30, 2020



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2020**



CITY OF SHAVANO PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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CITY OF SHAVANO PARK

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

BOB WERNER

CITY COUNCIL

MICHELE BUNTING ROSS

LEE POWERS

KONRAD KUYKENDALL

MAGGI KAUTZ

MIKE COLEMERE

CITY MANAGER

BILL HILL



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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 City of Shavano Park as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Shavano Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Shavano Park's 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 City of Shavano Park, as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

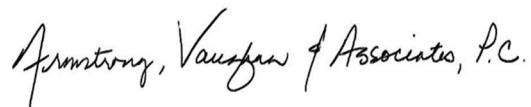
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules and other post-employment benefit schedules as listed in table of contents, 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 opinions on the financial statements that collectively comprise City of Shavano Park's basic financial statements as a whole. The combining nonmajor fund financial statements and individual fund comparative statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 30, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Shavano Park’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2020. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

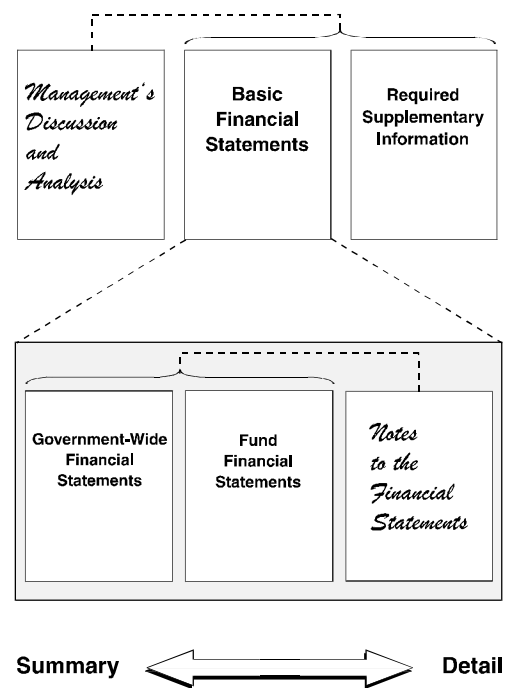
- The City’s total combined net position was \$14.4 million at September 30, 2020, an increase of \$307 thousand.
- The City’s governmental expenses were \$98 thousand less than the \$5.8 million generated in general and program revenues for governmental activities, including transfers. The total cost of the City’s governmental programs increased 5% from the prior year.
- The City’s business-type expenses were \$202 thousand less than the \$1.1 million generated in charges for services and other revenues. The total cost of the City’s business-type activities increased 6% from the prior year.
- The general fund reported a fund balance this year of \$2.4 million, a decrease of \$318 thousand.
- No new debt was issued during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates like *businesses*.

Figure A-1, Required Components of the City’s Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
	Fund Statements		
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities of the City that operate similar to private businesses: water utility
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position—the difference between the City’s assets and liabilities—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional non-financial factors such as changes in the City’s tax base.

- The government-wide financial statements of the City include the *Governmental activities*. Most of the City’s basic services are included here, such as general administration, police, and fire. Property, franchise and sales taxes finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City’s most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that 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. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s combined net position was \$14.4 million at September 30, 2020. (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>Assets:</i>						
Current Assets	\$ 6,673,118	\$ 6,982,432	\$ 1,251,131	\$ 1,087,056	\$ 7,924,249	\$ 8,069,488
Capital Assets (net)	7,017,370	6,181,923	4,503,706	4,574,876	11,521,076	10,756,799
<i>Total Assets</i>	<u>13,690,488</u>	<u>13,164,355</u>	<u>5,754,837</u>	<u>5,661,932</u>	<u>19,445,325</u>	<u>18,826,287</u>
<i>Deferred Outflows:</i>	<u>830,548</u>	<u>1,074,790</u>	<u>157,486</u>	<u>186,682</u>	<u>988,034</u>	<u>1,261,472</u>
<i>Liabilities:</i>						
Current Liabilities	1,067,734	560,849	190,442	198,715	1,258,176	759,564
Long-Term Liabilities	1,924,612	2,680,677	2,149,055	2,315,459	4,073,667	4,996,136
<i>Total Liabilities</i>	<u>2,992,346</u>	<u>3,241,526</u>	<u>2,339,497</u>	<u>2,514,174</u>	<u>5,331,843</u>	<u>5,755,700</u>
<i>Deferred Inflows:</i>	<u>673,289</u>	<u>240,162</u>	<u>45,322</u>	<u>15,590</u>	<u>718,611</u>	<u>255,752</u>
<i>Net Position:</i>						
Invested in Capital Assets	5,993,019	5,014,002	2,384,865	2,344,594	8,377,884	7,358,596
Restricted	1,572,488	1,427,069	-	-	1,572,488	1,427,069
Unrestricted	3,289,894	4,316,386	1,142,639	974,256	4,432,533	5,290,642
<i>Total Net Position</i>	<u>\$ 10,855,401</u>	<u>\$ 10,757,457</u>	<u>\$ 3,527,504</u>	<u>\$ 3,318,850</u>	<u>\$ 14,382,905</u>	<u>\$ 14,076,307</u>

Governmental Activities

- Property tax rates remained virtually the same for the fiscal year ending September 30, 2020, but increasing valuations and new property increased property tax revenues \$272 thousand.
- Cost of living adjustments for employees, and grants to local businesses for the pandemic contributed to an overall increase in governmental activities expenses of 5%.

Business-Type Activities

- Utility revenues increased because of a rate adjustment conducted in 2019.
- Expenses increased 6% across most areas.

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<i>Program Revenues:</i>						
Charges for Services	\$ 688,621	\$ 733,198	\$ 1,099,204	\$ 847,653	\$ 1,787,825	\$ 1,580,851
Grants	237,489	31,604	42,335	-	279,824	31,604
<i>General Revenues:</i>						
Taxes	4,919,588	4,592,532	-	-	4,919,588	4,592,532
Interest Earnings	57,231	156,442	9,296	15,964	66,527	172,406
Miscellaneous	47,029	106,098	-	-	47,029	106,098
TOTAL REVENUES	\$ 5,949,958	\$ 5,619,874	\$ 1,150,835	\$ 863,617	\$ 7,100,793	\$ 6,483,491
<i>Program Expenses:</i>						
Council	\$ 23,044	\$ 42,300	\$ -	\$ -	\$ 23,044	\$ 42,300
General Administration	1,149,537	1,031,768	-	-	1,149,537	1,031,768
Municipal Court	90,528	84,543	-	-	90,528	84,543
Public Works	550,460	487,720	-	-	550,460	487,720
Fire	1,948,777	1,870,964	-	-	1,948,777	1,870,964
Police	1,945,066	1,859,927	-	-	1,945,066	1,859,927
Development Services	83,288	83,741	-	-	83,288	83,741
Water Utility	-	-	949,031	892,218	949,031	892,218
Interest on Debt	54,464	88,355	-	-	54,464	88,355
TOTAL EXPENSES	\$ 5,845,164	\$ 5,549,318	\$ 949,031	\$ 892,218	\$ 6,794,195	\$ 6,441,536
Transfers	(6,850)	22,050	6,850	(22,050)	-	-
Change in Net Position	\$ 97,944	\$ 92,606	\$ 208,654	\$ (50,651)	\$ 306,598	\$ 41,955

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$5.8 million. Taxpayers paid for 64% of these activities through property taxes of \$3.7 million. 12% of the cost was paid by those who directly benefited from the programs.

Table A-3
Net Cost of Selected City Functions

	Total Cost of			Net Cost of		
	Services		Percentage Change	Services		Percentage Change
	2020	2019		2020	2019	
Council	\$ 23,044	\$ 42,300	(45.5)	\$ 23,044	\$ 42,300	(45.5)
General Administration	1,149,537	1,031,768	11.4	891,641	963,949	(7.5)
Municipal Court	90,528	84,543	7.1	(47,887)	(83,451)	(42.6)
Public Works	550,460	487,720	12.9	550,460	487,720	12.9
Fire	1,948,777	1,870,964	4.2	1,807,726	1,746,113	3.5
Police	1,945,066	1,859,927	4.6	1,942,050	1,854,115	4.7
Development Services	83,288	83,741	(0.5)	(302,444)	(314,585)	(3.9)
Water Utility	949,031	892,218	6.4	(192,508)	44,565	(532.0)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General Fund decreased its fund balance by \$318 thousand as a result of capital outlay.
- The Capital Replacement Fund decreased its fund balance by \$588 thousand as the City continues planned equipment and infrastructure replacements.
- Other nonmajor governmental funds were largely unchanged.

Budgetary Highlights

- General Fund revenues fell short of the budget by \$197 thousand and expenditures were under budget by \$230 thousand.
- The General Fund fund balance decreased \$16 thousand more than the budget anticipated.

CAPITAL ASSETS

As of September 30, 2020, the City had invested \$20.6 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. Significant additions include park improvements at City Hall and low water crossing improvements. (See Table A-4.) More detailed information about the City's capital assets is presented in the notes to the financial statements.

Table A-4
City's Capital Assets
(in thousands dollars)

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities				
	2020	2019	2020	2019	2020	2019	
Land	\$ 112	\$ 112	\$ 30	\$ 30	\$ 142	\$ 142	0.0
Water Rights	-	-	369	369	369	369	0.0
Buildings and Improvements	4,564	3,853	102	102	4,666	3,955	18.0
Infrastructure	2,821	2,821	7,188	7,125	10,009	9,946	0.6
Equipment	4,452	4,323	272	262	4,724	4,585	3.0
Construction in Progress	614	153	30	-	644	153	320.9
Totals at Historical Cost	12,563	11,262	7,991	7,888	20,554	19,150	7.3
Total Accumulated Depreciation	(5,546)	(5,080)	(3,487)	(3,313)	(9,033)	(8,393)	7.6
Net Capital Assets	\$ 7,017	\$ 6,182	\$ 4,504	\$ 4,575	\$ 11,521	\$ 10,757	7.1

LONG-TERM DEBT

The City had debt as summarized in Table A-5. No new debt was issued during the year. Additional information about the City's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Bonds Payable	<u>\$ 1,069</u>	<u>\$ 1,235</u>	<u>\$ 2,221</u>	<u>\$ 2,346</u>	<u>\$ 3,290</u>	<u>\$ 3,581</u>	(8.1)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City adopted the same property tax rate for the 2020-2021 fiscal year. However, new properties added to the tax rolls are expected to increase the tax levy \$99 thousand. The General Fund expenditures are budgeted to increase to \$6.0 million as a contribution to the Water Utility Fund of \$463 thousand is planned in support of water line relocation along Northwest Military Highway as TxDOT expands the road.

Water operations are expected to be similar to the prior year.

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 78231.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds
 - Fiduciary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



CITY OF SHAVANO PARK
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,604,087	\$ 810,106	\$ 6,414,193
Investments	513,465	258,204	771,669
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	34,169	-	34,169
Other	483,468	154,677	638,145
Prepaid Expenses	765	600	1,365
Inventory	-	64,708	64,708
Internal Balances	37,164	(37,164)	-
Capital Assets (net)	7,017,370	4,503,706	11,521,076
TOTAL ASSETS	13,690,488	5,754,837	19,445,325
DEFERRED OUTFLOWS			
Deferred Loss on Debt Refundings	44,251	101,819	146,070
Deferred Pension Related Outflows	759,738	53,875	813,613
Deferred OPEB Related Outflows	26,559	1,792	28,351
TOTAL DEFERRED OUTFLOWS	830,548	157,486	988,034
LIABILITIES			
Accounts Payable	509,008	22,041	531,049
Accrued Wages	155,191	5,509	160,700
Accrued Compensated Absences	229,124	7,146	236,270
Accrued Interest	3,593	9,142	12,735
Deposits and Unearned Revenue	-	20,374	20,374
<i>Long-term Liabilities:</i>			
Due within One Year	170,818	126,230	297,048
Due in More than One Year	897,784	2,094,430	2,992,214
Total OPEB Liability	136,817	8,091	144,908
Net Pension Liability	890,011	46,534	936,545
TOTAL LIABILITIES	2,992,346	2,339,497	5,331,843
DEFERRED INFLOWS			
Deferred Pension Related Inflows	666,372	44,860	711,232
Deferred OPEB Related Inflows	6,917	462	7,379
TOTAL DEFERRED OUTFLOWS	673,289	45,322	718,611
NET POSITION			
Net Investment in Capital Assets	5,993,019	2,384,865	8,377,884
Restricted for:			
Debt Service	160,396	-	160,396
Police Department	646,538	-	646,538
Municipal Court	56,817	-	56,817
Street Maintenance	599,007	-	599,007
PEG Funds	109,730	-	109,730
Unrestricted	3,289,894	1,142,639	4,432,533
TOTAL NET POSITION	\$ 10,855,401	\$ 3,527,504	\$ 14,382,905

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions and Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
<i>Governmental Activities:</i>			
Council	\$ 23,044	\$ -	\$ -
General Administration	1,149,537	34,335	198,160
Municipal Court	90,528	138,415	-
Public Works	550,460	-	-
Fire	1,948,777	128,753	12,298
Police	1,945,066	1,386	1,630
Development Services	83,288	385,732	-
Interest on Long-term Debt	54,464	-	-
<i>Total Governmental Activities</i>	5,845,164	688,621	212,088
 <i>Business-Type Activities:</i>			
Water Utility	949,031	1,099,204	-
<i>Total Business-Type Activities</i>	949,031	1,099,204	-
Total Primary Government	\$ 6,794,195	\$ 1,787,825	\$ 212,088
 General Revenues:			
Taxes			
Ad Valorem Taxes			
Sales Taxes			
Other Taxes			
Interest and Investment Earnings			
Miscellaneous			
Total General Revenues			
 Transfers			
 Change in Net Position			
 Net Position at Beginning of Year			
Net Position at End of Year			

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ -	\$ (23,044)		\$ (23,044)
25,401	(891,641)		(891,641)
-	47,887		47,887
-	(550,460)		(550,460)
-	(1,807,726)		(1,807,726)
-	(1,942,050)		(1,942,050)
-	302,444		302,444
-	(54,464)		(54,464)
<u>25,401</u>	<u>(4,919,054)</u>		<u>(4,919,054)</u>
		\$ 192,508	192,508
<u>42,335</u>		<u>192,508</u>	<u>192,508</u>
<u>42,335</u>			
<u>\$ 67,736</u>			<u>(4,726,546)</u>
	3,681,782	-	3,681,782
	778,455	-	778,455
	459,351	-	459,351
	57,231	9,296	66,527
	47,029	-	47,029
	<u>5,023,848</u>	<u>9,296</u>	<u>5,033,144</u>
	<u>(6,850)</u>	<u>6,850</u>	<u>-</u>
	97,944	208,654	306,598
	<u>10,757,457</u>	<u>3,318,850</u>	<u>14,076,307</u>
	<u>\$ 10,855,401</u>	<u>\$ 3,527,504</u>	<u>\$ 14,382,905</u>

CITY OF SHAVANO PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Capital Replacement	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,394,401	\$ 2,306,382	\$ 903,304	\$ 5,604,087
Investments	513,465	-	-	513,465
Receivables (net of allowances for uncollectibles):				
Property Taxes	32,369	-	1,800	34,169
Other Receivables	403,798	25,401	54,268	483,467
Prepaid Items	765	-	-	765
Due from Other Funds	43,408	18,303	726,465	788,176
TOTAL ASSETS	<u>\$ 3,388,206</u>	<u>\$ 2,350,086</u>	<u>\$ 1,685,837</u>	<u>\$ 7,424,129</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 72,311	\$ 425,148	\$ 11,550	\$ 509,009
Accrued Wages	155,191	-	-	155,191
Due to Other Funds	744,768	-	6,244	751,012
<i>Total Liabilities</i>	<u>972,270</u>	<u>425,148</u>	<u>17,794</u>	<u>1,415,212</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	32,369	-	1,800	34,169
Unavailable EMS Revenue	22,337	-	-	22,337
<i>Total Deferred Inflows of Resources</i>	<u>54,706</u>	<u>-</u>	<u>1,800</u>	<u>56,506</u>
<i>Fund Balances:</i>				
Nonspendable:				
Prepaid Items	765	-	-	765
Restricted for:				
Debt Service	-	-	162,189	162,189
Police Department	-	-	646,538	646,538
Municipal Court	-	-	56,817	56,817
Street Maintenance	-	-	599,007	599,007
PEG Funds	-	-	109,730	109,730
Committed for:				
Oak Wilt	-	-	91,962	91,962
Replacement of Capital Assets	-	1,924,938	-	1,924,938
Unassigned	2,360,465	-	-	2,360,465
<i>Total Fund Balances</i>	<u>2,361,230</u>	<u>1,924,938</u>	<u>1,666,243</u>	<u>5,952,411</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,388,206</u>	<u>\$ 2,350,086</u>	<u>\$ 1,685,837</u>	<u>\$ 7,424,129</u>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 5,952,411

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 in the funds. 7,017,370

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 56,508

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (229,124)

Long-term liabilities, including capital leases and related accrued interest, are not due and payable in the current period and, therefore, not reported in the funds. (1,027,944)

Net pension liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.

Net Pension Liability	(890,011)	
Pension Related Deferred Outflows	759,738	
Pension Related Deferred Inflows	<u>(666,372)</u>	(796,645)

Net other post-employment benefit liabilities (and related deferred outflows of resources) do not consume current financial resources and are not reported in the funds.

Total OPEB Liability	(136,817)	
OPEB Related Deferred Outflows	26,559	
OPEB Related Deferred Inflows	<u>(6,917)</u>	<u>(117,175)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 10,855,401

CITY OF SHAVANO PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Capital Replacement	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Ad Valorem Taxes	\$ 3,521,721	\$ -	\$ 163,708	\$ 3,685,429
Sales Taxes	518,987	-	259,468	778,455
Mixed Beverage Tax	17,479	-	-	17,479
Franchise Fees	425,455	-	16,417	441,872
Licenses and Permits	374,072	-	11,660	385,732
Emergency Medical Services	118,099	-	-	118,099
Fines and Penalties	131,205	-	7,210	138,415
Interest Income	36,770	14,432	6,025	57,227
Grants and Donations	223,878	25,401	3,000	252,279
Miscellaneous	59,445	-	5,408	64,853
TOTAL REVENUES	<u>\$ 5,427,111</u>	<u>\$ 39,833</u>	<u>\$ 472,896</u>	<u>\$ 5,939,840</u>
EXPENDITURES				
<i>Current:</i>				
Council	\$ 17,835	\$ -	\$ -	\$ 17,835
General Administration	980,382	-	19,175	999,557
Municipal Court	89,240	-	-	89,240
Public Works	500,987	-	-	500,987
Fire	1,652,501	-	6,784	1,659,285
Police	1,763,571	-	46,106	1,809,677
Development Services	83,288	-	-	83,288
Capital Outlay	365,077	923,179	54,853	1,343,109
<i>Debt Service:</i>				
Principal	-	-	166,845	166,845
Interest and Fiscal Charges	-	-	32,004	32,004
TOTAL EXPENDITURES	<u>\$ 5,452,881</u>	<u>\$ 923,179</u>	<u>\$ 325,767</u>	<u>\$ 6,701,827</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,770)</u>	<u>(883,346)</u>	<u>147,129</u>	<u>(761,987)</u>
OTHER FINANCING SOURCES (USES)				
Sale of City Assets	\$ 3,108	\$ -	\$ -	\$ 3,108
Transfers In	6,650	294,896	-	301,546
Transfers Out	<u>(301,746)</u>	<u>-</u>	<u>(6,650)</u>	<u>(308,396)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (291,988)</u>	<u>\$ 294,896</u>	<u>\$ (6,650)</u>	<u>\$ (3,742)</u>
Net Change in Fund Balance	(317,758)	(588,450)	140,479	(765,729)
Fund Balances at Beginning of Year	<u>2,678,988</u>	<u>2,513,388</u>	<u>1,525,764</u>	<u>6,718,140</u>
Fund Balances at End of Year	<u>\$ 2,361,230</u>	<u>\$ 1,924,938</u>	<u>\$ 1,666,243</u>	<u>\$ 5,952,411</u>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (765,729)

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by which
capital outlay exceeded depreciation. 835,447

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 7,007

Governmental funds report required contributions to employee pensions and
other post-employment benefits as expenditures. However, in the Statement
of Activities, the cost of these plans are recorded based on the actuarially
determined cost of the plan. This is the amount that contributions exceeded
(fell short of) the actuarially determined plan expenses.

Pension Plan	(57,529)	
OPEB Plan	<u>(11,327)</u>	(68,856)

The issuance of long-term debt (e.g. bonds and capital leases) provides current
financial resources to the governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
governmental funds. Neither transactions, however, has any effect on net position.
This amount is the net effect of these differences in the treatment of long-term
debt and related items.

Principal Payments	<u>166,845</u>	166,845
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Some expenses reported in the Statement of Activities do not require the use of
current financial resources and, therefore, are not reported as expenditures in
governmental funds.

Change in Compensated Absences	(54,317)	
Change in Deferred Loss on Refunding	(23,268)	
Change in Accrued Interest	<u>815</u>	<u>(76,770)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 97,944

CITY OF SHAVANO PARK
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	810,106
Investments		258,204
Receivables (net of allowances for uncollectibles)		111,540
Other Receivables		43,137
Prepaid Expenses		600
Inventory		64,708
<i>Total Current Assets</i>		<u>1,288,295</u>

Property and Equipment (net)		4,503,706
TOTAL ASSETS		<u>5,792,001</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Loss on Debt Refundings		101,819
Pension Related Deferred Outflows		53,875
Pension OPEB Deferred Outflows		1,792
TOTAL DEFERRED OUTFLOWS		<u>157,486</u>

LIABILITIES

Current Liabilities:

Accounts Payable		22,041
Accrued Wages		5,509
Accrued Compensated Absences		7,146
Accrued Interest		9,142
Deposits and Unearned Revenue		20,374
Due to Other Funds		37,164
Current Portion of Long-Term Debt		126,230
<i>Total Current Liabilities</i>		<u>227,606</u>

Long-term Liabilities:

Long-term Debt (Net of Current Portion)		2,094,430
Total OPEB Liability		8,091
Net Pension Liability		46,534
<i>Total Long-term Liabilities</i>		<u>2,149,055</u>
TOTAL LIABILITIES		<u>2,376,661</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related Deferred Inflows		44,860
OPEB Deferred Inflows		462
TOTAL DEFERRED INFLOWS		<u>45,322</u>

NET POSITION

Net Investment In Capital Assets		2,384,865
Unrestricted		1,142,639
TOTAL NET POSITION		<u>\$ 3,527,504</u>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2020

OPERATING REVENUES	
Water Service	\$ 1,049,409
Miscellaneous Charges	49,795
TOTAL OPERATING REVENUES	1,099,204
 OPERATING EXPENSES	
Personnel	281,838
Materials and Supplies	19,429
Services	149,109
Maintenance	202,607
Depreciation	209,091
TOTAL OPERATING EXPENSES	862,074
OPERATING INCOME (LOSS)	237,130
 NONOPERATING REVENUES (EXPENSES)	
Interest Income	9,296
Grants	42,335
Loss on Disposal of Capital Assets	(10,551)
Interest Expense	(76,406)
TOTAL NONOPERATING REVENUES (EXPENSES)	(35,326)
INCOME (LOSS) BEFORE TRANSFERS	201,804
 TRANSFERS	
Transfers In	6,850
CHANGE IN NET POSITION	208,654
NET POSITION AT BEGINNING OF YEAR	3,318,850
NET POSITION AT END OF YEAR	\$ 3,527,504

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 1,140,313
Cash Paid to Employees for Services	(273,405)
Cash Paid to Suppliers for Goods and Services	(382,153)
Net Cash Provided (Used) by Operating Activities	484,755
 Cash Flows From Noncapital Financing Activities:	
Transfers from Other Funds	49,011
Net Cash Provided (Used) by Noncapital Financing Activities	49,011
 Cash Flows From Capital and Related Financing Activities:	
Proceeds from the Sale of Capital Assets	622
Purchase of Capital Assets	(149,094)
Principal Payments on Long-Term Debt	(113,162)
Interest Paid	(75,072)
Net Cash Provided (Used) by Capital Financing Activities	(336,706)
 Cash Flows From Investing Activities:	
Purchase of Investments	(5,118)
Investment Interest Received	9,296
Net Cash Provided (Used) by Investing Activities	4,178
Net Increase (Decrease) in Cash and Cash Equivalents	201,238
Cash and Cash Equivalents at Beginning of Year	608,868
Cash and Cash Equivalents at End of Year	\$ 810,106

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Reconciliation of Operating Income to Net Cash

Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ 237,130
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation Expense	209,091
(Increase) Decrease in Operating Assets:	
Accounts Receivable (net)	36,735
Other Receivables	(802)
Inventory	6,522
(Increase) Decrease in Deferred Outflows:	
Pension Related Deferred Outflows	16,521
OPEB Related Deferred Outflows	(1,352)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(16,728)
Accrued Wages	(195)
Accrued Compensated Absences	3,901
Deposits and Unearned Revenue	4,374
Net OPEB Liability	2,215
Net Pension Liability	(42,389)
Increase (Decrease) in Deferred Inflows:	
Pension Related Deferred Inflows	29,817
OPEB Related Deferred Inflows	(85)
Total Adjustments to Reconcile Operating Activities	247,625
Net Cash Provided (Used) by Operating Activities	\$ 484,755

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>Pet Document and Rescue Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 438
Other Receivables	<u>39</u>
TOTAL ASSETS	<u><u>477</u></u>
 LIABILITIES	
Due to Others	<u><u>\$ 477</u></u>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On the edge of the Texas Hill Country, the City of Shavano Park (the “City”) is located in the San Antonio Metropolitan Area in northwest Bexar County, approximately 12 miles north of downtown San Antonio. Shavano Park is surrounded by the City of San Antonio to the north, east, south, and west. Generally, the City’s boundaries are Loop 1604 on the north, Huebner Road on the south, Lockhill Selma on the west and Salado Creek on the east. The original Town of Shavano was established around 1881 along the Olmos Creek and served as a stagecoach and rail stop between San Antonio and Boerne. The area now occupied by the City of Shavano Park was part of the Stowers Ranch. In 1947, Wallace Rogers and Sons purchased the land for residential development starting in 1948. The City of Shavano Park was incorporated on June 19, 1956 as a general law city. The City of Shavano Park is a Type A General Law City operating under a Council/City Manager form of government, consisting of five council members and an elected Mayor. The City maintains its own water system, provides fire and EMS services, police protection, street maintenance, public works, code enforcement, building inspections, municipal court, and twice a year brush and bulky item pick-up. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2020, the City had one component unit that is blended in these financial statements:

Shavano Park Crime Control and Prevention District

The City exerts significant control over the Crime Control and Prevention District (CCPD), a legally separate entity. The CCPD uses the taxing authority of the City and exists only to benefit the City and its community. City Council appoints all members of the Board, performs accounting and management functions, and approves the Budget. This qualifies the CCPD as a component unit, which is recorded as a separate fund of the City, using the blended method described in the previous paragraph. The CCPD collects a ¼ cent sales tax to support the police department of the City of Shavano Park. The CCPD does not issue separate financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund and Capital Replacement Fund meet the criteria as **major governmental funds**. The City's only proprietary fund (Water Utility) is a major fund.

3. 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. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences, pension benefits and other post-employment benefits, are recorded only when the liability has matured and payment is due.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, sales taxes, franchise fees and permits. Primary expenditures are for general administration, police and fire protection.

The Capital Replacement Fund is used to account for funds set aside for future capital asset replacements in accordance with the City's replacement schedule. The Fund receives budgeted annual contributions from the General Fund.

The City has the following types of nonmajor governmental funds: Debt Service and Special Revenue.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Fund is a Water Utility.

The **Proprietary Funds** are accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act. Additionally, investment practices of the City were in accordance with local policies.

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair value except for certificates of deposit and certain external investments pools which are carried at amortized cost.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2019 and past due after January 31, 2020. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. 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 fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unavailable revenue.

10. INVENTORY

Inventory consists of utility supplies. The inventory is recorded at average cost.

11. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more and a useful life in excess of 1 year. Infrastructure assets include City-owned streets, storm sewer, sidewalks, curbs and utilities. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. CAPITAL ASSETS (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	20 to 40 years
Streets, Utilities and Infrastructure	10 to 40 years
Furniture, Fixtures, Vehicles	3 to 20 years

12. COMPENSATED ABSENCES

Full-time employees earn vacation and sick leave and are allowed to accumulate unused leave. Unused sick leave is not paid upon termination. Liabilities for compensated absences are recognized in the governmental fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the proprietary and government-wide statements.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

On advance debt refundings in governmental funds, payments to defease debt are recorded as an other financing use. On debt refundings in proprietary and government-wide statements, the difference between the carrying amount of the refunded debt and the payment to defease the debt is amortized over the shorter of the lives of the new or refunded debts. The unamortized difference is recorded as a deferred outflow of resources.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

The net pension liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The total other post employment benefit liability, deferred inflows and outflows of resources, and OPEB expense, have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

15. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or City Manager.

Unassigned - Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second and assigned third.

It is the goal of the City to achieve and maintain an unassigned General Fund balance equal to 25 percent to 50 percent of budgeted expenditures. The City considers a balance of less than 20 percent to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 50 percent as excessive. An amount in excess of 50 percent is to be considered for reservation to accumulate funding for capital projects and equipment, and/or to reduce the tax levy requirements, and shall be determined in conjunction with the annual budget process. In the event that the unassigned General Fund balance is less than the policy anticipates, the City shall plan to adjust budget resources in the subsequent fiscal years to restore the balance.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

17. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

18. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

19. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2020, the carrying amount of the City's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the City's depository.

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

2. Investments

The City's investments at September 30, 2020 consisted of the following:

	Reported Amount
Certificates of Deposit	\$ 771,669
External Investment Pools:	
Texstar	2,192,553
Texpool	211,596
Total Investments	\$ 3,175,818

The certificates of deposit were covered by pledged securities from the City's depository and FDIC. The certificates are reported at amortized cost. The external investment 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 strive to maintain a consistent net asset value and qualify to be reported at amortized cost. Both pools are rated AAAM.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The City has reviewed its risk exposure and does not believe it is exposed to significant credit risk, custodial credit risk, or concentration of credit risk.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2019, upon which the fiscal 2020 levy was based, was \$1.322 billion (i.e., market value less exemptions). The estimated market value was \$1.381 billion, making the taxable value 96% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$1.50 per \$100 of taxable assessed valuation for all governmental purposes. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2020, was \$0.287742 per \$100 of assessed value, which means that the City has a tax margin of \$1.212258 for each \$100 value and could increase its annual tax levy by approximately \$16 million based upon the present assessed valuation before the limit is reached. However, the City generally may not increase the maintenance and operations portion of the property tax rate (that funds the General Fund) more than 3.5% annually (based on a three year average) without an election.

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2020 are as follows:

	General Fund	Capital Replacement	Nonmajor Funds	Governmental Totals	Water Utility
Sales and Mixed Beverage Tax	\$ 94,738	\$ -	\$ 47,233	\$ 141,971	\$ -
Franchise Fees	114,995	-	4,035	119,030	-
EMS Charges	70,689	-	-	70,689	-
Utility Customers	-	-	-	-	111,540
Grants	168,901	25,401	3,000	197,302	43,137
Allowance for Uncollectibles	(45,525)	-	-	(45,525)	-
Total Other Receivables	<u>\$403,798</u>	<u>\$ 25,401</u>	<u>\$ 54,268</u>	<u>\$ 483,467</u>	<u>\$154,677</u>

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE E -- INTERFUND TRANSACTIONS

Interfund balances as of September 30, 2020 were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor	General	\$ 6,244	<i>Reimbursement</i>
General	Capital Replacement	18,303	<i>Reimbursement</i>
General	Nonmajor	726,465	<i>Collections on behalf of other funds</i>
Water	General	37,164	<i>Reimbursement</i>
	Totals	<u>\$ 788,176</u>	

Interfund transfers during the year ending September 30, 2020 were as follows:

<u>Transfer From</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General	Capital Replacement	\$ 294,896	<i>Save for future capital projects</i>
Nonmajor	General	6,650	<i>Contributions towards expenditures</i>
General	Water	6,850	<i>In support of capital projects</i>
		<u>\$ 308,396</u>	

NOTE F -- CAPITAL ASSETS

Governmental activities capital asset activity for the year ended September 30, 2020, was as follows:

<u>Governmental Activities</u>	<u>Balance</u> 10/1/2019	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> 9/30/2020
Land	\$ 111,687	\$ -	\$ -	\$ 111,687
Buildings and Improvements	3,853,053	686,478	24,539	4,564,070
Infrastructure	2,821,045	-	-	2,821,045
Vehicles and Equipment	4,323,322	159,313	(30,615)	4,452,020
Construction in Progress	153,314	485,587	(24,539)	614,362
	<u>11,262,421</u>	<u>1,331,378</u>	<u>(30,615)</u>	<u>12,563,184</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,412,285)	(105,696)	-	(1,517,981)
Vehicles and Equipment	(2,054,068)	(344,354)	30,615	(2,367,807)
Infrastructure	(1,614,145)	(45,881)	-	(1,660,026)
	<u>(5,080,498)</u>	<u>(495,931)</u>	<u>30,615</u>	<u>(5,545,814)</u>
Capital Assets, Net	<u>\$ 6,181,923</u>	<u>\$ 835,447</u>	<u>\$ -</u>	<u>\$ 7,017,370</u>

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE F -- CAPITAL ASSETS (Continued)

Land and construction in progress are not depreciated. Depreciation for the year ending September 30, 2020 was charged to the following functions:

General Administration	\$ 124,456
Municipal Court	238
Police	89,465
Fire	243,901
Public Works	<u>37,871</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 495,931</u></u>

Business-type activities capital asset activity for the year ended September 30, 2020, was as follows:

<u><i>Business-Type Activities</i></u>	<u>Balance 10/1/2019</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2020</u>
Land	\$ 30,146	\$ -	\$ -	\$ 30,146
Water Rights	368,927	-	-	368,927
Buildings and Improvements	102,176	-	-	102,176
Plant and Infrastructure	7,125,179	75,836	(12,570)	7,188,445
Vehicles and Equipment	261,866	42,934	(32,670)	272,130
Construction in Progress	-	30,324	-	30,324
	<u>7,888,294</u>	<u>149,094</u>	<u>(45,240)</u>	<u>7,992,148</u>
Less Accumulated Depreciation				
Buildings and Improvements	(9,676)	(2,554)	-	(12,230)
Plant and Infrastructure	(3,112,739)	(194,251)	1,397	(3,305,593)
Vehicles and Equipment	(191,003)	(12,286)	32,670	(170,619)
	<u>(3,313,418)</u>	<u>(209,091)</u>	<u>34,067</u>	<u>(3,488,442)</u>
Capital Assets, Net	<u>\$ 4,574,876</u>	<u>\$ (59,997)</u>	<u>\$ (11,173)</u>	<u>\$ 4,503,706</u>

Land, water rights, and construction in progress are not depreciated.

NOTE G -- LONG-TERM DEBT

Changes in long term liabilities for the year ending September 30, 2020 were as follows:

	<u>Balance 10/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2020</u>
Bonds	\$3,581,570	\$ -	\$ (292,308)	\$3,289,262
Net Pension Liability	1,596,424	1,155,936	(1,815,815)	936,545
Total OPEB Liability	110,448	35,418	(958)	144,908
<i>Grand Totals</i>	<u>\$5,288,442</u>	<u>\$1,191,354</u>	<u>\$(2,109,081)</u>	<u>\$4,370,715</u>

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE G -- LONG-TERM DEBT (Continued)

Changes in bonds outstanding for the year ending September 30, 2020 were as follows:

	Balance 10/1/2019	Additions	Reductions	Balance 9/30/2020	Due Within One Year
<i>Governmental Activities</i>					
2009 General Obligation	\$ 154,920	\$ -	\$ (154,920)	\$ -	\$ -
2018 General Obligation	1,080,521	-	(11,919)	1,068,602	170,818
<i>Total Governmental Activities</i>	<u>\$ 1,235,441</u>	<u>\$ -</u>	<u>\$ (166,839)</u>	<u>\$ 1,068,602</u>	<u>\$ 170,818</u>
<i>Business-Type Activities</i>					
Bonds Payable:					
2009 General Obligation	\$ 40,079	\$ -	\$ (40,079)	\$ -	\$ -
2017 General Obligation	1,875,000	-	(70,000)	1,805,000	70,000
2017 General Obligation Premium	151,570	-	(12,307)	139,263	12,047
2018 General Obligation	279,480	-	(3,083)	276,397	44,183
<i>Total Business-Type Activities</i>	<u>\$ 2,346,129</u>	<u>\$ -</u>	<u>\$ (125,469)</u>	<u>\$ 2,220,660</u>	<u>\$ 126,230</u>

General Obligation Refunding Bonds, Series 2017

The City issued \$1,925,000 in bonds in June 2017 to advance refund a portion of the 2009 Certificates of Obligation. The refunding resulted in gross savings of \$306 thousand with a present value of \$235 thousand. The debt service is funded by the water utility fund. The bonds mature serially through February 15, 2039 and bear interest at rates between 0.90% and 2.90%.

General Obligation Refunding Bonds, Series 2018

The City issued \$1,385,000 in bonds in November 2018 to advance refund a portion of the 2009 General Obligation Bonds. The refunding resulted in gross savings of \$46 thousand with a present value of \$44 thousand. The debt service is funded by a combination of interest and sinking property taxes and net water utility fund revenues. The bonds mature serially through February 15, 2026 and bear interest at 2.69%. The Bonds were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE G -- LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2020, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
<u>Public Offerings</u>			
<i>Business-Type Activities</i>			
2021	\$ 70,000	\$ 65,000	\$ 135,000
2022	70,000	63,600	133,600
2023	70,000	62,200	132,200
2024	75,000	60,375	135,375
2025	75,000	58,125	133,125
2026-2030	425,000	247,300	672,300
2031-2035	520,000	154,000	674,000
2036-2039	500,000	40,800	540,800
	<u>\$ 1,805,000</u>	<u>\$ 751,400</u>	<u>\$ 2,556,400</u>
<u>Private Placements</u>			
<i>Governmental Activities</i>			
2021	\$ 170,818	\$ 26,448	\$ 197,266
2022	178,763	21,746	200,509
2023	182,735	16,884	199,619
2024	190,680	11,861	202,541
2025	194,653	6,679	201,332
2026	150,953	2,030	152,983
	<u>\$ 1,068,602</u>	<u>\$ 85,648</u>	<u>\$ 1,154,250</u>
<i>Business-Type Activities</i>			
2021	\$ 44,183	\$ 841	\$ 45,024
2022	46,238	5,624	51,862
2023	47,265	4,367	51,632
2024	49,320	3,068	52,388
2025	50,348	1,727	52,075
2026	39,043	525	39,568
	<u>\$ 276,397</u>	<u>\$ 16,152</u>	<u>\$ 292,549</u>

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE H -- OPERATING LEASE

The City leased police tasers requiring 5 annual payments of \$8,640 through 2021.

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS retirement system

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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 (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

At the December 31 valuations and measurement dates, the following employees were covered by the benefit terms:

	2019
Inactive employees or beneficiaries currently receiving benefits	33
Inactive employees entitled to but not yet receiving benefits	78
Active employees	49
	160

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.82% and 13.35% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$440,420, which exceeded the required contributions by \$10,829.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30%	5.30%
Core Fixed Income	10%	1.00%
Non-Core Fixed Income	20%	4.14%
Real Return	10%	3.85%
Real Estate	10%	4.00%
Absolute Return	10%	7.75%
Private Equity	10%	7.75%
	<u>100%</u>	

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2019:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 8,891,092	\$ 7,294,668	\$ 1,596,424
Changes for the year:			
Service Cost	547,190	-	547,190
Interest	608,746	-	608,746
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(51,870)	-	(51,870)
Changes of Assumptions	(1,244)	-	(1,244)
Contributions - Employer	-	425,079	(425,079)
Contributions - Employee	-	215,308	(215,308)
Net Investment Income	-	1,128,877	(1,128,877)
Benefit Payments, Including Refunds of Employee Contributions	(292,454)	(292,454)	-
Administrative Expense	-	(6,372)	6,372
Other Changes	-	(191)	191
Net Changes	<u>810,368</u>	<u>1,470,247</u>	<u>(659,879)</u>
Balance at December 31, 2019	<u>\$ 9,701,460</u>	<u>\$ 8,764,915</u>	<u>\$ 936,545</u>

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 2,697,246	\$ 936,545	\$ (460,171)

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$501,897. Also as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 77,480	\$ 36,478
Changes in Actuarial Assumptions	-	875
Differences Between Projected and Actual Investment Earnings	411,024	673,879
Contributions Subsequent to the Measurement Date	325,109	-
	\$ 813,613	\$ 711,232

Deferred outflows of resources in the amount of \$325,109 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2020	\$ (34,990)
2021	(64,319)
2022	3,880
2023	(127,299)
	\$ (222,728)

NOTE J -- OTHER POSTEMPLOYMENT 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.

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

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. Membership in the plan at December 31, 2019, the valuation and measurement date, consisted of:

	2019
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	12
Active employees	49
	79

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 assumptions of the plan are as follows:

Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Discount Rate	2.75% based on Fidelity Index's 20-year Municipal GO AA Index
Administrative Expenses	Administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Contribution rates were as follows:

Calendar Year	Contribution Rate	
	Total	Retiree Portion
2020	0.14%	0.03%
2019	0.13%	0.03%

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's total OPEB liability, as of December 31, 2019, the measurement and valuation date, was as follows:

	Total OPEB Liability
Balance at December 31, 2018	\$ 110,448
Changes for the year:	
Service Cost	5,536
Interest	4,183
Expected and Actual Experience Differences	(35)
Changes of Assumptions	25,699
Benefit Payments	(923)
Net Changes	34,460
 Balance at December 31, 2019	 \$ 144,908

There is no separate trust maintained to fund this total OPEB liability. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The following presents the TOL of the City, calculated using the discount rate of 2.75% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

	Discount Rate 1.75%	Discount Rate 2.75%	Discount Rate 3.75%
Total OPEB Liability (Asset)	\$ 179,662	\$ 144,908	\$ 119,062

For the year ended September 30, 2020, the City recognized OPEB expense of \$13,286. Also as of September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 945
Changes in Actuarial Assumptions	27,645	6,434
Contributions Subsequent to the Measurement Date	706	-
	\$ 28,351	\$ 7,379

CITY OF SHAVANO PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2020

NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources in the amount of \$706 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,			
2020	\$	3,567	
2021		3,567	
2022		3,567	
2023		3,567	
2024		2,874	
Thereafter		3,124	
	\$	20,266	
		20,266	

NOTE K -- HIGHER EDUCATION FACILITIES CORPORATION

In October 1999, the City created City of Shavano Park, Texas, Higher Education Facilities Corporation (HEFC), a nonprofit corporation. The HEFC aides nonprofit educational institutions in providing educational facilities and housing facilities and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith under the provisions of Chapter 53A, Texas Education Code. In accordance with the terms establishing the nonprofit corporation, the city is not liable for any expenses incurred in establishing or administering the HEFC. The HEFC is not consolidated into the financial statements of City because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards. As of September 30, 2020, the HEFC had issued two series of Bonds:

<u>Issue</u>	<u>Original Principal</u>	<u>Amount Outstanding</u>	<u>Maturity</u>
2015 Series	\$ 5,200,000	\$ 4,285,000	2035
2016 Series	2,000,000	1,387,000	2026

NOTE L -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a significant effect on the City's financial position.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2020

NOTE L -- COMMITMENTS AND CONTINGENCIES (CONT.)

Commitments

The City has committed to \$807,238 as its share of a Texas Department of Transportation project expected to begin in 2021. The City entered into construction contracts with a total amount of \$828 thousand for low water crossings. As of September 30, 2020, \$396 thousand had been incurred, leaving an estimated commitment of \$432 thousand.

NOTE M -- DESIGNATED NET POSITION

As of September 30, 2020, the City has designated \$605 thousand of the proprietary Water Utility Fund's \$1,143 thousand in unrestricted net position for capital projects.

NOTE N -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$1,000,000.

NOTE O -- SUBSEQUENT EVENT

In November 2020, the City executed a State Infrastructure Bank loan for \$925,000 to fund the cost of utility line relocation in conjunction with a Texas Department of Transportation project. The loan requires annual payments of \$57,880 beginning August 15, 2021 through August 15, 2040. The debt service is anticipated to be paid with a combination of general fund and proprietary fund revenues.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of Changes – Net Pension Liability
- Schedule of Pension Contributions
- Schedule of Changes – Total Other Postemployment Benefit Liability

CITY OF SHAVANO PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$ 3,536,853	\$ 3,536,853	\$ 3,521,721	\$ (15,132)
Sales Taxes	465,000	465,000	518,987	53,987
Mixed Beverage Tax	23,000	23,000	17,479	(5,521)
Franchise Fees	482,500	482,500	425,455	(57,045)
Licenses and Permits	372,000	372,000	374,072	2,072
Emergency Medical Services	165,000	165,000	118,099	(46,901)
Fines and Penalties	172,750	172,750	131,205	(41,545)
Interest Income	81,194	81,194	36,770	(44,424)
Grants and Donations	56,510	276,943	223,878	(53,065)
Miscellaneous	48,600	48,600	59,445	10,845
TOTAL REVENUES	<u>\$ 5,403,407</u>	<u>\$ 5,623,840</u>	<u>\$ 5,427,111</u>	<u>\$ (196,729)</u>
EXPENDITURES				
<i>Current:</i>				
Council	\$ 35,247	\$ 25,247	\$ 17,835	\$ 7,412
General Administration	848,254	1,062,184	980,382	81,802
Municipal Court	90,970	91,720	89,240	2,480
Public Works	550,185	537,185	500,987	36,198
Fire	1,707,588	1,712,091	1,652,501	59,590
Police	1,779,346	1,791,346	1,763,571	27,775
Development Services	84,175	84,175	83,288	887
Capital Outlay	65,500	379,250	365,077	14,173
TOTAL EXPENDITURES	<u>\$ 5,161,265</u>	<u>\$ 5,683,198</u>	<u>\$ 5,452,881</u>	<u>\$ 230,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>242,142</u>	<u>(59,358)</u>	<u>(25,770)</u>	<u>33,588</u>
OTHER FINANCING SOURCES (USES)				
Sale of City Assets	\$ 20,000	\$ 20,000	\$ 3,108	\$ (16,892)
Transfers In	13,390	13,390	6,650	(6,740)
Transfers Out	<u>(275,532)</u>	<u>(275,532)</u>	<u>(301,746)</u>	<u>(26,214)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (242,142)</u>	<u>\$ (242,142)</u>	<u>\$ (291,988)</u>	<u>\$ (49,846)</u>
Net Change in Fund Balance	-	(301,500)	(317,758)	(16,258)
Beginning Fund Balance	<u>2,678,988</u>	<u>2,678,988</u>	<u>2,678,988</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,678,988</u>	<u>\$ 2,377,488</u>	<u>\$ 2,361,230</u>	<u>\$ (16,258)</u>

CITY OF SHAVANO PARK
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2020

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Debt Service and Crime Control and Prevention District.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The City does not use encumbrances.

CITY OF SHAVANO PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX PLAN (CALENDAR) YEARS

Total Pension Liability			
	2014	2015	2016
Service Cost	\$ 370,994	\$ 415,475	\$ 473,885
Interest (on the Total Pension Liability)	342,494	383,127	417,517
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(19,418)	(35,818)	93,916
Change of Assumptions	-	59,151	-
Benefit Payments, Including Refunds of Employee Contributions	(109,427)	(162,266)	(115,623)
Net Change in Total Pension Liability	584,643	659,669	869,695
Total Pension Liability - Beginning	4,761,991	5,346,634	6,006,303
Total Pension Liability - Ending	<u>\$ 5,346,634</u>	<u>\$ 6,006,303</u>	<u>\$ 6,875,998</u>
Plan Fiduciary Net Position			
	2014	2015	2016
Contributions - Employer	\$ 260,007	\$ 307,649	\$ 349,004
Contributions - Employee	153,047	158,233	179,502
Net Investment Income	240,054	6,990	340,526
Benefit Payments, Including Refunds of Employee Contributions	(109,427)	(162,266)	(115,623)
Administrative Expense	(2,505)	(4,256)	(3,848)
Other	(205)	(212)	(206)
Net Change in Net Position	540,971	306,138	749,355
Plan Fiduciary Net Position - Beginning	4,194,928	4,735,899	5,042,037
Plan Fiduciary Net Position - Ending	<u>\$ 4,735,899</u>	<u>\$ 5,042,037</u>	<u>\$ 5,791,392</u>
Net Pension Liability (Asset) - Ending	\$ 610,735	\$ 964,266	\$ 1,084,606
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.58%	83.95%	84.23%
Covered Payroll	\$ 2,183,711	\$ 2,260,472	\$ 2,564,315
Net Pension Liability as a Percentage of Covered Payroll	27.97%	42.66%	42.30%

Information is being accumulated prospectively until ten years is available.

Total Pension Liability		
2017	2018	2019
\$ 512,241	\$ 561,741	\$ 547,190
476,720	538,203	608,746
-	-	-
39,443	171,335	(51,870)
-	-	(1,244)
<u>(139,198)</u>	<u>(145,391)</u>	<u>(292,454)</u>
889,206	1,125,888	810,368
6,875,998	7,765,204	8,891,092
<u>\$ 7,765,204</u>	<u>\$ 8,891,092</u>	<u>\$ 9,701,460</u>

Plan Fiduciary Net Position		
2017	2018	2019
\$ 382,496	\$ 413,117	\$ 425,079
196,584	212,321	215,308
802,552	(210,552)	1,128,877
(139,198)	(145,391)	(292,454)
(4,160)	(4,070)	(6,372)
<u>(212)</u>	<u>(211)</u>	<u>(191)</u>
1,238,062	265,214	1,470,247
5,791,392	7,029,454	7,294,668
<u>\$ 7,029,454</u>	<u>\$ 7,294,668</u>	<u>\$ 8,764,915</u>

\$ 735,750	\$ 1,596,424	\$ 936,545
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90.53%	82.04%	90.35%
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\$ 2,808,336	\$ 3,033,161	\$ 3,075,829
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26.20%	52.63%	30.45%
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CITY OF SHAVANO PARK
 SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLAN
 LAST SEVEN FISCAL YEARS

Fiscal Year Ending September 30,	Actuarially Determined Contribution	Contributions In Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as Percentage of Covered Employee Payroll
2014	\$ 243,300	\$ 243,300	\$ -	\$ 2,157,762	11.28%
2015	306,584	306,584	-	2,252,914	13.61%
2016	314,459	318,460	(4,001)	2,260,472	14.09%
2017	375,188	377,030	(1,842)	2,768,761	13.62%
2018	404,927	406,467	(1,540)	2,984,335	13.62%
2019	423,371	423,371	-	3,075,536	13.77%
2020	429,591	440,420	(10,829)	3,188,535	13.81%

Notes to Schedule of Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 11.5% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Information is being accumulated prospectively until ten years is available.

CITY OF SHAVANO PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY AND
 RELATED RATIOS
 LAST THREE PLAN (CALENDAR) YEARS

	Total OPEB Liability		
	2017	2018	2019
Service Cost	\$ 5,055	\$ 6,066	\$ 5,536
Interest	3,629	3,773	4,183
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	-	(1,251)	(35)
Change of Assumptions	9,387	(8,796)	25,699
Benefit Payments	(562)	(607)	(923)
Net Change in Total OPEB Liability	17,509	(815)	34,460
Total OPEB Liability - Beginning	93,754	111,263	110,448
Total OPEB Liability - Ending	<u>\$ 111,263</u>	<u>\$ 110,448</u>	<u>\$ 144,908</u>
Covered Payroll	\$ 2,808,336	\$ 3,033,161	\$ 3,075,829
Total OPEB Liability as a Percentage of Covered Payroll	3.96%	3.64%	4.71%

Notes to Schedule of Changes in Liability

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes in Benefit Terms: None

Changes in Assumptions: None

Information is being accumulated prospectively until ten years is available.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Combining Statements – Nonmajor Governmental Funds
- Comparative Individual Fund Statements
 - General Fund
 - Water Utility

CITY OF SHAVANO PARK
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	Special Revenue Funds			
	Debt Service Fund	Crime Control District	PEG Fund	Oak Wilt Fund
ASSETS				
Cash and Cash Equivalents	\$ 162,125	\$ 627,336	\$ 113,843	\$ -
Property Taxes Receivable (net)	1,800	-	-	-
Other Receivables	-	23,549	4,035	3,000
Due From Other Funds	64	-	-	91,437
	<u>64</u>	<u>-</u>	<u>-</u>	<u>91,437</u>
TOTAL ASSETS	<u>\$ 163,989</u>	<u>\$ 650,885</u>	<u>\$ 117,878</u>	<u>\$ 94,437</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 1,601	\$ 7,474	\$ 2,475
Due to Other Funds	-	5,570	674	-
<i>Total Liabilities</i>	<u>-</u>	<u>7,171</u>	<u>8,148</u>	<u>2,475</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	1,800	-	-	-
<i>Total Deferred Inflows</i>	<u>1,800</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>				
Restricted For:				
Debt Service	162,189	-	-	-
Police	-	643,714	-	-
Municipal Court	-	-	-	-
Street Maintenance	-	-	-	-
PEG	-	-	109,730	-
Committed For:				
Oak Wilt	-	-	-	91,962
<i>Total Fund Balances</i>	<u>162,189</u>	<u>643,714</u>	<u>109,730</u>	<u>91,962</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 163,989</u>	<u>\$ 650,885</u>	<u>\$ 117,878</u>	<u>\$ 94,437</u>

Special Revenue Funds

Street Maintenance	Court Tech and Security	Child Safety Fund	Police Forfeiture	LEOSE Training	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 903,304
-	-	-	-	-	1,800
23,684	-	-	-	-	54,268
<u>575,323</u>	<u>56,817</u>	<u>2,641</u>	<u>-</u>	<u>183</u>	<u>726,465</u>
<u>\$ 599,007</u>	<u>\$ 56,817</u>	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 1,685,837</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,550
-	-	-	-	-	6,244
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,794</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800</u>
-	-	-	-	-	162,189
-	-	2,641	-	183	646,538
-	56,817	-	-	-	56,817
599,007	-	-	-	-	599,007
-	-	-	-	-	109,730
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,962</u>
<u>599,007</u>	<u>56,817</u>	<u>2,641</u>	<u>-</u>	<u>183</u>	<u>1,666,243</u>
<u>\$ 599,007</u>	<u>\$ 56,817</u>	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 1,685,837</u>

CITY OF SHAVANO PARK
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2020

	Special Revenue Funds			
	Debt Service Fund	Crime Control District	PEG Fund	Oak Wilt Fund
REVENUES				
Ad Valorem Taxes	\$ 163,708	\$ -	\$ -	\$ -
Sales Tax	-	129,722	-	-
Franchise Fees	-	-	16,417	-
Licenses and Permits	-	-	-	11,660
Fines and Forfeitures	-	-	-	-
Interest Income	1,861	3,536	628	-
Grants and Donations	-	-	-	3,000
Miscellaneous Income	-	-	-	-
TOTAL REVENUES	<u>\$ 165,569</u>	<u>\$ 133,258</u>	<u>\$ 17,045</u>	<u>\$ 14,660</u>
EXPENDITURES				
<i>Current:</i>				
General Administration	\$ -	\$ -	\$ -	\$ 19,175
Fire	-	6,128	-	-
Police	-	41,556	-	-
Capital Outlay	-	40,629	14,224	-
<i>Debt Service:</i>				
Principal	166,845	-	-	-
Interest and Fiscal Charges	32,004	-	-	-
TOTAL EXPENDITURES	<u>\$ 198,849</u>	<u>\$ 88,313</u>	<u>\$ 14,224</u>	<u>\$ 19,175</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,280)</u>	<u>44,945</u>	<u>2,821</u>	<u>(4,515)</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	\$ -	\$ -	\$ -	\$ -
TOTAL OTHER	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	(33,280)	44,945	2,821	(4,515)
Fund Balances at Beginning of Year	<u>195,469</u>	<u>598,769</u>	<u>106,909</u>	<u>96,477</u>
Fund Balances at End of Year	<u>\$ 162,189</u>	<u>\$ 643,714</u>	<u>\$ 109,730</u>	<u>\$ 91,962</u>

Special Revenue Funds

Street Maintenance	Court Tech and Security	Child Safety Fund	Police Forfeiture	LEOSE Training	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,708
129,746	-	-	-	-	259,468
-	-	-	-	-	16,417
-	-	-	-	-	11,660
-	7,210	-	-	-	7,210
-	-	-	-	-	6,025
-	-	-	-	-	3,000
-	-	3,778	-	1,630	5,408
<u>\$ 129,746</u>	<u>\$ 7,210</u>	<u>\$ 3,778</u>	<u>\$ -</u>	<u>\$ 1,630</u>	<u>\$ 472,896</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,175
-	-	656	-	-	6,784
-	-	3,000	-	1,550	46,106
-	-	-	-	-	54,853
-	-	-	-	-	166,845
-	-	-	-	-	32,004
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,656</u>	<u>\$ -</u>	<u>\$ 1,550</u>	<u>\$ 325,767</u>
129,746	7,210	122	-	80	147,129
\$ -	\$ (6,650)	\$ -	\$ -	\$ -	\$ (6,650)
\$ -	\$ (6,650)	\$ -	\$ -	\$ -	\$ (6,650)
129,746	560	122	-	80	140,479
469,261	56,257	2,519	-	103	1,525,764
<u>\$ 599,007</u>	<u>\$ 56,817</u>	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 1,666,243</u>

CITY OF SHAVANO PARK
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 2,394,401	\$ 2,740,319
Investments	513,465	503,522
Receivables (net of allowances for uncollectibles):		
Property Taxes	32,369	35,626
Other Receivables	403,798	232,435
Prepaid Items	765	2,500
Due from Other Funds	43,408	253
TOTAL ASSETS	\$ 3,388,206	\$ 3,514,655
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 72,311	\$ 52,915
Accrued Expenditures	155,191	125,181
Due to Other Funds	744,768	610,262
<i>Total Liabilities</i>	972,270	788,358
<i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	32,369	35,626
Unavailable EMS Revenue	22,337	11,683
<i>Total Deferred Inflows of Resources</i>	54,706	47,309
<i>Fund Balances:</i>		
Nonspendable:		
Prepaid Items	765	2,500
Unassigned	2,360,465	2,676,488
<i>Total Fund Balance</i>	2,361,230	2,678,988
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,388,206	\$ 3,514,655

CITY OF SHAVANO PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES
 GENERAL FUND
 SEPTEMBER 30, 2020 AND 2019

	2020	2019
REVENUES		
Ad Valorem Taxes	\$ 3,521,721	\$ 3,297,725
Sales Taxes	518,987	458,638
Mixed Beverage Tax	17,479	20,991
Franchise Fees	425,455	459,058
Licenses and Permits	374,072	385,096
Emergency Medical Services	118,099	159,857
Fines and Penalties	131,205	160,260
Interest Income	36,770	82,506
Grants and Donations	223,878	28,016
Miscellaneous	59,445	71,582
TOTAL REVENUES	\$ 5,427,111	\$ 5,123,729
EXPENDITURES		
<i>Current:</i>		
Council	\$ 17,835	\$ 42,300
General Administration	980,382	849,144
Municipal Court	89,240	81,233
Public Works	500,987	448,171
Fire	1,652,501	1,608,148
Police	1,763,571	1,686,140
Development Services	83,288	83,741
Capital Outlay	365,077	57,618
TOTAL EXPENDITURES	\$ 5,452,881	\$ 4,856,495
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,770)	267,234
OTHER FINANCING SOURCES (USES)		
Sales of City Assets	\$ 3,108	\$ 39,447
Transfers In	6,650	12,000
Transfers Out	(301,746)	(288,706)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (291,988)	\$ (237,259)
Net Change in Fund Balance	(317,758)	29,975
BEGINNING FUND BALANCE	2,678,988	2,649,013
ENDING FUND BALANCE	\$ 2,361,230	\$ 2,678,988

CITY OF SHAVANO PARK
COMPARATIVE STATEMENTS OF NET POSITION
WATER UTILITY
SEPTEMBER 30, 2020 AND 2019

	2020	2019
ASSETS		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 810,106	\$ 608,868
Investments	258,204	253,086
Customer Receivables (net)	111,540	148,275
Other Receivables	43,137	-
Inventory and Prepaid Expenses	65,308	71,830
Due from Other Funds	-	4,997
<i>Total Current Assets</i>	1,288,295	1,087,056
Property and Equipment (net)	4,503,706	4,574,876
TOTAL ASSETS	5,792,001	5,661,932
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Debt Refundings	101,819	115,846
Pension Related Deferred Outflows	53,875	70,396
OPEB Related Deferred Outflows	1,792	440
TOTAL DEFERRED OUTFLOWS	157,486	186,682
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	22,041	38,769
Accrued Wages	5,509	5,704
Accrued Compensated Absences	7,146	3,245
Accrued Interest	9,142	9,528
Deposits and Unearned Revenue	20,374	16,000
Due to Other Funds	37,164	-
Current Portion of Long-Term Debt	126,230	125,469
<i>Total Current Liabilities</i>	227,606	198,715
 <i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	2,094,430	2,220,660
Total OPEB Liability	8,091	5,876
Net Pension Liability	46,534	88,923
<i>Total Long-term Liabilities</i>	2,149,055	2,315,459
TOTAL LIABILITIES	2,376,661	2,514,174
 DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	44,860	15,043
OPEB Related Deferred Inflows	462	547
TOTAL DEFERRED INFLOWS	45,322	15,590
 NET POSITION		
Net Investment In Capital Assets	2,384,865	2,344,594
Unrestricted	1,142,639	974,256
TOTAL NET POSITION	\$ 3,527,504	\$ 3,318,850

CITY OF SHAVANO PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET
 POSITION
 WATER UTILITY
 SEPTEMBER 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Charges for Utility Service	\$ 1,049,409	\$ 817,621
Miscellaneous Charges	49,795	30,032
TOTAL OPERATING REVENUES	1,099,204	847,653
OPERATING EXPENSES		
Personnel	281,838	270,171
Materials and Supplies	19,429	16,540
Services	149,109	108,938
Water Lease	-	12,282
Maintenance	202,607	192,721
Depreciation	209,091	205,401
TOTAL OPERATING EXPENSES	862,074	806,053
OPERATING INCOME (LOSS)	237,130	41,600
NONOPERATING REVENUES (EXPENSES)		
Interest Income	9,296	15,964
Grants	42,335	-
Loss on Disposal of Capital Assets	(10,551)	641
Bond Issue Costs	-	(7,470)
Interest Expense	(76,406)	(79,336)
TOTAL NONOPERATING REVENUES (EXPENSES)	(35,326)	(70,201)
INCOME (LOSS) BEFORE TRANSFERS	201,804	(28,601)
TRANSFERS		
Transfers In (Out)	6,850	(22,050)
TOTAL TRANSFERS	6,850	(22,050)
CHANGE IN NET POSITION	208,654	(50,651)
NET POSITION AT BEGINNING OF YEAR	3,318,850	3,369,501
NET POSITION AT END OF YEAR	\$ 3,527,504	\$ 3,318,850

