



ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
SEPTEMBER 30, 2018**



CITY OF SHAVANO PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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CITY OF SHAVANO PARK

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR

BOB WERNER

CITY COUNCIL

MICHELE BUNTING ROSS

LEE POWERS

BOB HEINTZELMAN

MAGGI KAUTZ

MIKE COLEMERE

CITY MANAGER

BILL HILL





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

Deborah F. Fraser

Phil S. Vaughan

Nancy L. Vaughan

Kimberly J. Roach

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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note A20 to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 75 related to other post-employment benefits and changed the accounting method for outstanding warrants. These changes resulted in prior period adjustments. Our opinion is not modified with respect to this matter.

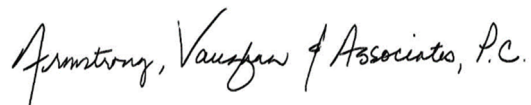
Other Matters

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 schedule 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 17, 2018



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, 2018. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

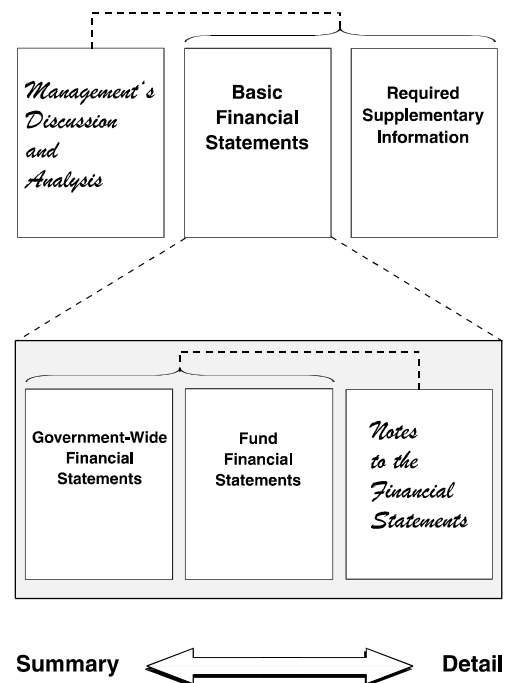
- The City’s total combined net position was \$14 million at September 30, 2018.
- The City’s governmental expenses were \$135 thousand less than the \$5.5 million generated in general and program revenues for governmental activities, including transfers. The total cost of the City’s governmental programs increased 7% from the prior year. The increase was largely due to salary increases and new police positions.
- The City’s business-type expenses (including transfers) were \$97 thousand less than the \$941 thousand generated in charges for services and other revenues. The total cost of the City’s business-type activities decreased 32% from the prior year, primarily because of increased maintenance on Trinity well in the 2017 year.
- The general fund reported a fund balance this year of \$2.6 million, a decrease of \$423 thousand.

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-1F, 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 | | | |
|---|--|---|--|
| <i>Type of Statements</i> | Fund Statements | | |
| | 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 million at September 30, 2018. (See Table A-1).

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017 |
| <i>Assets:</i> | | | | | | |
| Current Assets | \$ 8,372,308 | \$ 8,196,495 | \$ 1,081,791 | \$ 1,097,422 | \$ 9,454,099 | \$ 9,293,917 |
| Capital Assets (net) | 4,936,524 | 4,824,097 | 4,702,363 | 4,754,204 | 9,638,887 | 9,578,301 |
| <i>Total Assets</i> | <u>13,308,832</u> | <u>13,020,592</u> | <u>5,784,154</u> | <u>5,851,626</u> | <u>19,092,986</u> | <u>18,872,218</u> |
| <i>Deferred Outflows:</i> | <u>560,029</u> | <u>628,555</u> | <u>161,833</u> | <u>176,433</u> | <u>721,862</u> | <u>804,988</u> |
| <i>Liabilities:</i> | | | | | | |
| Current Liabilities | 882,175 | 628,890 | 177,462 | 237,638 | 1,059,637 | 866,528 |
| Long-Term Liabilities | 2,009,963 | 2,475,859 | 2,378,620 | 2,516,526 | 4,388,583 | 4,992,385 |
| <i>Total Liabilities</i> | <u>2,892,138</u> | <u>3,104,749</u> | <u>2,556,082</u> | <u>2,754,164</u> | <u>5,448,220</u> | <u>5,858,913</u> |
| <i>Deferred Inflows:</i> | <u>311,872</u> | <u>14,905</u> | <u>20,404</u> | <u>952</u> | <u>332,276</u> | <u>15,857</u> |
| <i>Net Position:</i> | | | | | | |
| Invested in Capital Assets | 3,654,712 | 3,465,301 | 2,373,098 | 2,321,247 | 6,027,810 | 5,786,548 |
| Restricted | 1,323,933 | 1,428,027 | - | - | 1,323,933 | 1,428,027 |
| Unrestricted | 5,686,206 | 5,636,165 | 996,403 | 951,696 | 6,682,609 | 6,587,861 |
| <i>Total Net Position</i> | <u>\$ 10,664,851</u> | <u>\$ 10,529,493</u> | <u>\$ 3,369,501</u> | <u>\$ 3,272,943</u> | <u>\$ 14,034,352</u> | <u>\$ 13,802,436</u> |

*2017 has been restated to reflect the result of a prior period adjustment. See Note A20.

Governmental Activities

- Property tax rates remained the same for the fiscal year ending September 30, 2018, but increasing valuations increased property tax revenues \$281 thousand.

Business-Type Activities

- Expenses decreased as significant maintenance on the Trinity Well did not continue.

Table A-2
Changes in City's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017* | 2018 | 2017* | 2018 | 2017 |
| <i>Program Revenues:</i> | | | | | | |
| Charges for Services | \$ 889,636 | \$ 1,123,738 | \$ 919,518 | \$ 912,267 | \$ 1,809,154 | \$ 2,036,005 |
| Operating Grants and Contributions | 30,587 | 24,894 | - | - | 30,587 | 24,894 |
| <i>General Revenues:</i> | | | | | | |
| Taxes | 4,407,899 | 4,309,210 | - | - | 4,407,899 | 4,309,210 |
| Interest Earnings | 104,156 | 36,477 | 11,824 | 6,848 | 115,980 | 43,325 |
| Miscellaneous | 79,382 | 48,441 | 9,838 | 45,707 | 89,220 | 94,148 |
| TOTAL REVENUES | \$ 5,511,660 | \$ 5,542,760 | \$ 941,180 | \$ 964,822 | \$ 6,452,840 | \$ 6,507,582 |
| <i>Program Expenses:</i> | | | | | | |
| Council | \$ 32,751 | \$ 29,388 | \$ - | \$ - | \$ 32,751 | \$ 29,388 |
| General Administration | 969,746 | 875,941 | - | - | 969,746 | 875,941 |
| Municipal Court | 87,330 | 78,627 | - | - | 87,330 | 78,627 |
| Public Works | 504,453 | 497,040 | - | - | 504,453 | 497,040 |
| Fire | 1,732,408 | 1,677,497 | - | - | 1,732,408 | 1,677,497 |
| Police | 1,899,912 | 1,721,096 | - | - | 1,899,912 | 1,721,096 |
| Development Services | 102,599 | 98,089 | - | - | 102,599 | 98,089 |
| Water Utility | - | - | 822,572 | 1,201,974 | 822,572 | 1,201,974 |
| Interest on Debt | 69,153 | 73,583 | - | - | 69,153 | 73,583 |
| TOTAL EXPENSES | \$ 5,398,352 | \$ 5,051,261 | \$ 822,572 | \$ 1,201,974 | \$ 6,220,924 | \$ 6,253,235 |
| Transfers | 22,050 | 79,312 | (22,050) | (79,312) | - | - |
| Change in Net Position | \$ 135,358 | \$ 570,811 | \$ 96,558 | \$ (316,464) | \$ 231,916 | \$ 254,347 |

*2017 has not been restated to reflect the result of the prior period adjustments. See Note A20.

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 \$5.5 million. Taxpayers paid for 60% of these activities through property taxes of \$3.3 million. 16% 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 | Services | | Percentage |
| | 2018 | 2017 | Change | 2018 | 2017 | Change |
| Council | \$ 32,751 | \$ 29,388 | 11.4 | \$ 32,751 | \$ 29,388 | 11.4 |
| General Administration | 969,746 | 875,941 | 10.7 | 904,434 | 728,452 | 24.2 |
| Municipal Court | 87,330 | 78,627 | 11.1 | (88,468) | (152,057) | (41.8) |
| Public Works | 504,453 | 497,040 | 1.5 | 504,453 | 497,040 | 1.5 |
| Fire | 1,732,408 | 1,677,497 | 3.3 | 1,583,070 | 1,525,802 | 3.8 |
| Police | 1,899,912 | 1,721,096 | 10.4 | 1,893,849 | 1,714,388 | 10.5 |
| Development Services | 102,599 | 98,089 | 4.6 | (421,113) | (513,967) | (18.1) |
| Water Utility | 822,572 | 1,201,974 | (31.6) | (96,946) | (73,583) | 31.8 |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General fund decreased its fund balance by \$423 thousand primarily from the purchase of an ambulance, purchase of public works equipment and contributions to the capital replacement fund.
- The Capital Replacement Fund increased \$364 thousand as support from the General Fund exceeded capital outlay.
- Other nonmajor governmental funds were largely unchanged.

Budgetary Highlights

- General Fund revenues fell short of the budget by \$202 thousand and expenditures were under budget by \$133 thousand.
- The General Fund fund balance decreased \$70 thousand more than the budget anticipated.

CAPITAL ASSETS

As of September 30, 2018, the City had invested \$18.4 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. Significant additions include an ambulance and other vehicles. (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 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|
| | Activities | | Activities | | | | Percentage |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | Change |
| Land | \$ 112 | \$ 112 | \$ 30 | \$ 30 | \$ 142 | \$ 142 | 0.0 |
| Water Rights | - | - | 369 | 303 | 369 | 303 | 21.8 |
| Buildings and Improvements | 3,733 | 3,678 | 102 | 102 | 3,835 | 3,780 | 1.5 |
| Infrastructure | 2,771 | 2,771 | 7,277 | 7,238 | 10,048 | 10,009 | 0.4 |
| Equipment | 3,618 | 3,272 | 320 | 321 | 3,938 | 3,593 | 9.6 |
| Construction in Progress | 50 | - | - | - | 50 | - | 100.0 |
| Totals at Historical Cost | 10,284 | 9,833 | 8,098 | 7,994 | 18,382 | 17,827 | 3.1 |
| Total Accumulated Depreciation | (5,347) | (5,009) | (3,396) | (3,240) | (8,743) | (8,249) | 6.0 |
| Net Capital Assets | <u>\$ 4,937</u> | <u>\$ 4,824</u> | <u>\$ 4,702</u> | <u>\$ 4,754</u> | <u>\$ 9,639</u> | <u>\$ 9,578</u> | 0.6 |

LONG-TERM DEBT

The City had debt as summarized in Table A-5. More detailed 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 |
|---------------|----------------------------|-----------------|-----------------------------|-----------------|-----------------|-----------------|-------------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| Bonds Payable | <u>\$ 1,359</u> | <u>\$ 1,502</u> | <u>\$ 2,455</u> | <u>\$ 2,570</u> | <u>\$ 3,814</u> | <u>\$ 4,072</u> | (6.3) |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City adopted the same property tax rate for the 2018-2019 fiscal year. However, increasing property values are expected to increase the tax levy. The General Fund expenditures are budgeted to decrease to \$5.2 million as the pace of capital outlay is expected to slow. Most other General Fund expenditures are expected to remain largely the same. The Water Fund activities are expected to be similar to the 2018 fiscal year. A major purchase of a ladder fire truck is expected to be made from the capital replacement fund.

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, 2018

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 7,235,157 | \$ 664,318 | \$ 7,899,475 |
| Investments | 752,617 | 251,681 | 1,004,298 |
| Receivables (net of allowances for uncollectibles): | | | |
| Ad Valorem Taxes | 104,006 | - | 104,006 |
| Other | 292,823 | 68,558 | 361,381 |
| Prepaid Expenses | 500 | 600 | 1,100 |
| Inventory | - | 83,839 | 83,839 |
| Internal Balances | (12,795) | 12,795 | - |
| Capital Assets (net) | 4,936,524 | 4,702,363 | 9,638,887 |
| TOTAL ASSETS | 13,308,832 | 5,784,154 | 19,092,986 |
| DEFERRED OUTFLOWS | | | |
| Deferred Loss on Debt Refundings | 76,776 | 126,172 | 202,948 |
| Deferred Pension Related Outflows | 475,205 | 35,142 | 510,347 |
| Deferred OPEB Related Outflows | 8,048 | 519 | 8,567 |
| TOTAL DEFERRED OUTFLOWS | 560,029 | 161,833 | 721,862 |
| LIABILITIES | | | |
| Accounts Payable | 387,758 | 26,659 | 414,417 |
| Accrued Wages | 128,977 | 5,187 | 134,164 |
| Accrued Compensated Absences | 203,441 | 2,107 | 205,548 |
| Accrued Interest | 7,071 | 10,482 | 17,553 |
| Deposits and Unearned Revenue | - | 15,500 | 15,500 |
| <i>Long-term Liabilities:</i> | | | |
| Due within One Year | 154,928 | 117,527 | 272,455 |
| Due in More than One Year | 1,203,660 | 2,337,910 | 3,541,570 |
| Total OPEB Liability | 105,336 | 5,927 | 111,263 |
| Net Pension Liability | 700,967 | 34,783 | 735,750 |
| TOTAL LIABILITIES | 2,892,138 | 2,556,082 | 5,448,220 |
| DEFERRED INFLOWS | | | |
| Deferred Pension Related Inflows | 311,872 | 20,404 | 332,276 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 3,654,712 | 2,373,098 | 6,027,810 |
| Restricted for: | | | |
| Debt Service | 218,948 | - | 218,948 |
| Police Department | 553,820 | - | 553,820 |
| Municipal Court | 56,924 | - | 56,924 |
| Street Maintenance | 404,600 | - | 404,600 |
| PEG Funds | 89,641 | - | 89,641 |
| Unrestricted | 5,686,206 | 996,403 | 6,682,609 |
| TOTAL NET POSITION | \$ 10,664,851 | \$ 3,369,501 | \$ 14,034,352 |

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | | Program Revenues | |
|--|---------------------|----------------------|------------------------------------|
| Functions and Programs | Expenses | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| <i>Governmental Activities:</i> | | | |
| Council | \$ 32,751 | \$ - | \$ - |
| General Administration | 969,746 | 48,006 | 17,306 |
| Municipal Court | 87,330 | 175,798 | - |
| Public Works | 504,453 | - | - |
| Fire | 1,732,408 | 138,159 | 11,179 |
| Police | 1,899,912 | 3,961 | 2,102 |
| Development Services | 102,599 | 523,712 | - |
| Interest on Long-term Debt | 69,153 | - | - |
| <i>Total Governmental Activities</i> | <u>5,398,352</u> | <u>889,636</u> | <u>30,587</u> |
| <i>Business-Type Activities:</i> | | | |
| Water Utility | <u>822,572</u> | <u>919,518</u> | <u>-</u> |
| <i>Total Business-Type Activities</i> | <u>822,572</u> | <u>919,518</u> | <u>-</u> |
| Total Primary Government | <u>\$ 6,220,924</u> | <u>\$ 1,809,154</u> | <u>\$ 30,587</u> |
| 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 | | | |
| Prior Period Adjustment | | | |
| Net Position at End of Year | | | |

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------------|
| \$ (32,751) | | \$ (32,751) |
| (904,434) | | (904,434) |
| 88,468 | | 88,468 |
| (504,453) | | (504,453) |
| (1,583,070) | | (1,583,070) |
| (1,893,849) | | (1,893,849) |
| 421,113 | | 421,113 |
| (69,153) | | (69,153) |
| <u>(4,478,129)</u> | | <u>(4,478,129)</u> |
| | \$ 96,946 | 96,946 |
| | <u>96,946</u> | <u>96,946</u> |
| | | <u>(4,381,183)</u> |
| 3,272,614 | - | 3,272,614 |
| 619,781 | - | 619,781 |
| 515,504 | - | 515,504 |
| 104,156 | 11,824 | 115,980 |
| 79,382 | 9,838 | 89,220 |
| <u>4,591,437</u> | <u>21,662</u> | <u>4,613,099</u> |
| 22,050 | (22,050) | - |
| 135,358 | 96,558 | 231,916 |
| 10,813,100 | 3,277,782 | 14,090,882 |
| (283,607) | (4,839) | (288,446) |
| <u>\$ 10,664,851</u> | <u>\$ 3,369,501</u> | <u>\$ 14,034,352</u> |

CITY OF SHAVANO PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

| | <u>Major Fund</u> General Fund | <u>Major Fund</u> Capital Replacement | Other Nonmajor Funds | Total Governmental Funds |
|--|--------------------------------------|---|----------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 2,751,966 | \$ 3,643,270 | \$ 839,921 | \$ 7,235,157 |
| Investments | 752,617 | - | - | 752,617 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Property Taxes | 96,134 | - | 7,872 | 104,006 |
| Other Receivables | 254,734 | - | 38,090 | 292,824 |
| Prepaid Items | 500 | - | - | 500 |
| Due from Other Funds | - | 10,925 | 550,591 | 561,516 |
| TOTAL ASSETS | <u>\$ 3,855,951</u> | <u>\$ 3,654,195</u> | <u>\$ 1,436,474</u> | <u>\$ 8,946,620</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ 350,435 | \$ 15,100 | \$ 22,223 | \$ 387,758 |
| Accrued Wages | 128,977 | - | - | 128,977 |
| Due to Other Funds | 574,311 | - | - | 574,311 |
| <i>Total Liabilities</i> | <u>1,053,723</u> | <u>15,100</u> | <u>22,223</u> | <u>1,091,046</u> |
| <i>Deferred Inflows of Resources:</i> | | | | |
| Unavailable Property Tax Revenue | 96,134 | - | 7,872 | 104,006 |
| Unavailable EMS Revenue | 57,081 | - | - | 57,081 |
| <i>Total Deferred Inflows of Resources</i> | <u>153,215</u> | <u>-</u> | <u>7,872</u> | <u>161,087</u> |
| <i>Fund Balances:</i> | | | | |
| Nonspendable: | | | | |
| Prepaid Items | 500 | - | - | 500 |
| Restricted for: | | | | |
| Debt Service | - | - | 218,147 | 218,147 |
| Police Department | - | - | 553,820 | 553,820 |
| Municipal Court | - | - | 56,924 | 56,924 |
| Street Maintenance | - | - | 404,600 | 404,600 |
| PEG Funds | - | - | 89,641 | 89,641 |
| Committed for: | | | | |
| Oak Wilt | - | - | 83,247 | 83,247 |
| Replacement of Capital Assets | - | 3,639,095 | - | 3,639,095 |
| Unassigned | 2,648,513 | - | - | 2,648,513 |
| <i>Total Fund Balances</i> | <u>2,649,013</u> | <u>3,639,095</u> | <u>1,406,379</u> | <u>7,694,487</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 3,855,951</u> | <u>\$ 3,654,195</u> | <u>\$ 1,436,474</u> | <u>\$ 8,946,620</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, 2018

| | | |
|---|--|--------------|
| TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | | \$ 7,694,487 |
|---|--|--------------|

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. | | 4,936,524 |
|---|--|-----------|

| | | |
|--|--|---------|
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | 161,086 |
|--|--|---------|

| | | |
|---|--|-----------|
| Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. | | (203,441) |
|---|--|-----------|

| | | |
|--|--|-------------|
| 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. | | (1,288,883) |
|--|--|-------------|

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 | (700,967) | | |
| Pension Related Deferred Outflows | 475,205 | | |
| Pension Related Deferred Inflows | <u>(311,872)</u> | | (537,634) |

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.

| | | | |
|--------------------------------|--------------|--|-----------------|
| Net OPEB Liability | (105,336) | | |
| OPEB Related Deferred Outflows | <u>8,048</u> | | <u>(97,288)</u> |

| | | |
|--|--|----------------------|
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | <u>\$ 10,664,851</u> |
|--|--|----------------------|

CITY OF SHAVANO PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>Major Fund</u> General Fund | <u>Major Fund</u> Capital Replacement | Total Nonmajor Funds | Total Governmental Funds |
|--|--------------------------------------|---|----------------------------|--------------------------------|
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 3,049,746 | \$ - | \$ 141,513 | \$ 3,191,259 |
| Sales Taxes | 413,230 | - | 206,552 | 619,782 |
| Mixed Beverage Tax | 20,647 | - | - | 20,647 |
| Franchise Fees | 474,837 | - | 20,020 | 494,857 |
| Licenses and Permits | 510,797 | - | 12,915 | 523,712 |
| Emergency Medical Services | 119,207 | - | - | 119,207 |
| Fines and Penalties | 167,715 | - | 8,084 | 175,799 |
| Interest Income | 54,643 | 36,428 | 13,083 | 104,154 |
| Miscellaneous | 135,501 | - | 5,774 | 141,275 |
| TOTAL REVENUES | <u>\$ 4,946,323</u> | <u>\$ 36,428</u> | <u>\$ 407,941</u> | <u>\$ 5,390,692</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Council | \$ 32,751 | \$ - | \$ - | \$ 32,751 |
| General Administration | 817,060 | - | - | 817,060 |
| Municipal Court | 83,869 | - | - | 83,869 |
| Public Works | 467,560 | 13,554 | - | 481,114 |
| Fire | 1,573,899 | - | 3,044 | 1,576,943 |
| Police | 1,715,218 | - | 45,820 | 1,761,038 |
| Development Services | 102,599 | - | - | 102,599 |
| Capital Outlay | 466,452 | 49,360 | 35,784 | 551,596 |
| <i>Debt Service:</i> | | | | |
| Principal | - | - | 143,010 | 143,010 |
| Interest and Fiscal Charges | - | - | 59,371 | 59,371 |
| TOTAL EXPENDITURES | <u>\$ 5,259,408</u> | <u>\$ 62,914</u> | <u>\$ 287,029</u> | <u>\$ 5,609,351</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(313,085)</u> | <u>(26,486)</u> | <u>120,912</u> | <u>(218,659)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Disposal of Assets | 39,464 | - | - | 39,464 |
| Transfers In | 480,150 | 629,635 | - | 1,109,785 |
| Transfers Out | (629,635) | (239,297) | (218,803) | (1,087,735) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(110,021)</u> | <u>390,338</u> | <u>(218,803)</u> | <u>61,514</u> |
| Net Change in Fund Balance | (423,106) | 363,852 | (97,891) | (157,145) |
| Fund Balances at Beginning of Year | 3,072,119 | 3,275,243 | 1,504,270 | 7,851,632 |
| Fund Balances at End of Year | <u>\$ 2,649,013</u> | <u>\$ 3,639,095</u> | <u>\$ 1,406,379</u> | <u>\$ 7,694,487</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, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (157,145)

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. 131,229

Governmental funds report proceeds from the sale of capital assets as other
financing sources. However in the statement of activities, the proceeds are
reduced by the net book value of the capital assets disposed. This amount
represents the net book value of capital assets disposed. (18,802)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 100,306

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 | (35,340) | |
| OPEB Plan | (8,777) | (44,117) |

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 | | 143,010 |
|--------------------|--|---------|

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 | (9,341) | |
| Change in Deferred Loss on Refunding | (10,408) | |
| Change in Accrued Interest | 626 | (19,123) |

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 135,358

CITY OF SHAVANO PARK
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2018

| | |
|--|----------------------------|
| | <u>Water Utility</u> |
| ASSETS | |
| <i>Current Assets:</i> | |
| Cash and Cash Equivalents | \$ 664,318 |
| Investments | 251,681 |
| Receivables (net of allowances for uncollectibles) | 68,558 |
| Prepaid Expenses | 600 |
| Due From Other Funds | 12,795 |
| Inventory | 83,839 |
| <i>Total Current Assets</i> | <u>1,081,791</u> |
| Property and Equipment (net) | <u>4,702,363</u> |
| TOTAL ASSETS | <u><u>5,784,154</u></u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Loss on Debt Refundings | 126,172 |
| Pension Related Deferred Outflows | 35,142 |
| Pension OPEB Deferred Outflows | 519 |
| TOTAL DEFERRED OUTFLOWS | <u><u>161,833</u></u> |
| LIABILITIES | |
| <i>Current Liabilities:</i> | |
| Accounts Payable | 26,659 |
| Accrued Wages | 5,187 |
| Accrued Compensated Absences | 2,107 |
| Accrued Interest | 10,482 |
| Deposits and Unearned Revenue | 15,500 |
| Current Portion of Long-Term Debt | 117,527 |
| <i>Total Current Liabilities</i> | <u>177,462</u> |
| <i>Long-term Liabilities:</i> | |
| Long-term Debt (Net of Current Portion) | 2,337,910 |
| Total OPEB Liability | 5,927 |
| Net Pension Liability | 34,783 |
| <i>Total Long-term Liabilities</i> | <u>2,378,620</u> |
| TOTAL LIABILITIES | <u><u>2,556,082</u></u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related Deferred Inflows | <u>20,404</u> |
| NET POSITION | |
| Net Investment In Capital Assets | 2,373,098 |
| Unrestricted | 996,403 |
| TOTAL NET POSITION | <u><u>\$ 3,369,501</u></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, 2018

| | |
|---|----------------------------|
| | <u>Water Utility</u> |
| OPERATING REVENUES | |
| Water Service | \$ 869,190 |
| Miscellaneous Charges | 50,328 |
| TOTAL OPERATING REVENUES | <u>919,518</u> |
| OPERATING EXPENSES | |
| Personnel | 247,502 |
| Materials and Supplies | 16,113 |
| Services | 96,179 |
| Water Lease | 12,282 |
| Maintenance | 180,759 |
| Depreciation | 190,805 |
| TOTAL OPERATING EXPENSES | <u>743,640</u> |
| OPERATING INCOME (LOSS) | <u>175,878</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Interest Income | 11,824 |
| Insurance Recoveries | 9,838 |
| Gain on Disposal of Capital Assets | 4,705 |
| Interest Expense | (83,637) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(57,270)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>118,608</u> |
| TRANSFERS | |
| Transfers Out | <u>(22,050)</u> |
| CHANGE IN NET POSITION | 96,558 |
| NET POSITION AT BEGINNING OF YEAR | 3,277,782 |
| Prior Period Adjustment | (4,839) |
| NET POSITION AT END OF YEAR | <u><u>\$ 3,369,501</u></u> |

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>Water Utility</u> |
|--|--------------------------|
| Cash Flows From Operating Activities: | |
| Cash Received From Customers | \$ 965,876 |
| Cash Paid to Employees for Services | (241,558) |
| Cash Paid to Suppliers for Goods and Services | <u>(423,006)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>301,312</u> |
| Cash Flows From Noncapital Financing Activities: | |
| Transfers to Other Funds | <u>(31,336)</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(31,336)</u> |
| Cash Flows From Capital and Related Financing Activities: | |
| Insurance Recoveries | 9,838 |
| Proceeds from the Sale of Capital Assets | 4,705 |
| Purchase of Capital Assets | (138,964) |
| Principal Payments on Long-Term Debt | (101,990) |
| Interest Paid | <u>(85,767)</u> |
| Net Cash Provided (Used) by Capital Financing Activities | <u>(312,178)</u> |
| Cash Flows From Investing Activities: | |
| Purchase of Investments | (3,438) |
| Investment Interest Received | <u>11,824</u> |
| Net Cash Provided (Used) by Investing Activities | <u>8,386</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (33,816) |
| Cash and Cash Equivalents at Beginning of Year | <u>698,134</u> |
| Cash and Cash Equivalents at End of Year | <u><u>\$ 664,318</u></u> |

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | <u>Water Utility</u> |
|--|------------------------------|
| Reconciliation of Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ 175,878 |
| Adjustments to Reconcile Operating Income to Net Cash | |
| Provided (Used) by Operating Activities: | |
| Depreciation Expense | 190,805 |
| (Increase) Decrease in Operating Assets: | |
| Accounts Receivable (net) | 49,058 |
| Inventory | (54,519) |
| (Increase) Decrease in Deferred Outflows: | |
| Pension Related Deferred Outflows | 4,308 |
| OPEB Related Deferred Outflows | (498) |
| Increase (Decrease) in Current Liabilities: | |
| Accounts Payable | (63,154) |
| Accrued Wages | 1,394 |
| Accrued Compensated Absences | 1,667 |
| Deposits and Unearned Revenue | (2,700) |
| Net OPEB Liability | 1,067 |
| Net Pension Liability | (21,446) |
| Increase (Decrease) in Deferred Inflows: | |
| Pension Related Deferred Inflows | 19,452 |
| Total Adjustments to Reconcile Operating Activities | <u>125,434</u> |
| Net Cash Provided (Used) by | |
| Operating Activities | <u><u>\$ 301,312</u></u> |

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | |
|---------------------------|---------------------------------|
| | Pet Document and Rescue Fund |
| ASSETS | |
| Cash and Cash Equivalents | \$ 2,326 |
| LIABILITIES | |
| Due to Others | \$ 2,326 |

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018, 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, 2018

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, 2018

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.

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, 2018

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

5. INVESTMENTS

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, 2017 and past due after January 31, 2018. 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.

7. PREPAID ITEMS

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

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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. 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.

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 | 40 years |
| Streets, Utilities and Infrastructure | 10 to 40 years |
| Furniture, Fixtures, Vehicles | 3 to 20 years |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

11. INVENTORY

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

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.

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.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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.

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.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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.

20. CHANGES IN ACCOUNTING PRINCIPLES

In accordance with GASB Statement No 75, the City has recorded the total other post employment benefit liability for its Supplemental Death Benefit provided through the Texas Municipal Retirement System. This resulted in a prior period adjustment reducing beginning net position of governmental and business-type activities.

In addition, the City has changed the accounting for outstanding warrants for court fines to be consistent with generally accepted accounting principles. Previously, a receivable for these fines was estimated. Revenue related to this receivable was recognized on the Statement of Activities. Because of the low collection rate and degree of estimation, the City now records court fines only after court appearance in which the fine is set. This follows more closely with industry practice. A prior period adjustment was recorded to remove the receivable from governmental activities.

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, 2018, 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, 2018

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

2. 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.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper. The City's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of City Council.

The City's investments at September 30, 2018 consisted of the following:

| | Reported Amount |
|----------------------------|---------------------|
| Certificates of Deposit | \$ 1,004,298 |
| External Investment Pools: | |
| Texstar | 2,150,052 |
| Texpool | 204,894 |
| Total Investments | <u>\$ 3,359,244</u> |

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. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. Both pools are rated AAAM.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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.

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, 2017, upon which the fiscal 2018 levy was based, was \$1,161,265,709 (i.e., market value less exemptions). The estimated market value was \$1,207,484,045, 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 \$2.50 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, 2018, was \$0.287742 per \$100 of assessed value, which means that the City has a tax margin of \$2.212258 for each \$100 value and could increase its annual tax levy by approximately \$25.7 million based upon the present assessed valuation before the limit is reached. However, the City may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

NOTE D -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2018 are as follows:

| | General Fund | Nonmajor Funds | Governmental Totals | Water Utility |
|------------------------------|-------------------|-------------------|------------------------|------------------|
| Sales and Mixed Beverage Tax | \$ 67,787 | \$ 34,013 | \$ 101,800 | \$ - |
| Franchise Fees | 119,607 | 4,077 | 123,684 | - |
| EMS Charges | 451,257 | - | 451,257 | - |
| Utility Customers | - | - | - | 58,720 |
| Other Items | 10,259 | - | 10,259 | 9,838 |
| Allowance for Uncollectibles | (394,176) | - | (394,176) | - |
| Total Other Receivables | <u>\$ 254,734</u> | <u>\$ 38,090</u> | <u>\$ 292,824</u> | <u>\$ 68,558</u> |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE E -- INTERFUND TRANSACTIONS

Interfund balances as of September 30, 2018 were as follows:

| <u>Due From</u> | <u>Due To</u> | <u>Amount</u> | <u>Purpose</u> |
|-----------------|---------------------|-------------------|---|
| General | Capital Replacement | \$ 10,925 | <i>Budgeted transfer</i> |
| General | Nonmajor | 550,591 | <i>Collections on behalf of other funds</i> |
| General | Water | 12,795 | <i>Collections on behalf of other funds</i> |
| | Totals | <u>\$ 574,311</u> | |

Interfund transfers during the year ending September 30, 2018 were as follows:

| <u>Transfer From</u> | <u>Transfer to</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------------|---------------------|---------------------|---|
| Capital Replacement | General | \$ 239,297 | <i>Contributions towards capital projects</i> |
| General | Capital Replacement | 629,635 | <i>Save for future capital projects</i> |
| Nonmajor | General | 218,803 | <i>Contributions towards capital projects</i> |
| Water | General | 22,050 | <i>In support of administrative overhead</i> |
| | | <u>\$ 1,109,785</u> | |

NOTE F -- CAPITAL ASSETS

Governmental activities capital asset activity for the year ended September 30, 2018, was as follows:

| <u>Governmental Activities</u> | <u>Balance</u> <u>10/1/2017</u> | <u>Additions</u> | <u>Disposals/ Transfers</u> | <u>Balance</u> <u>9/30/2018</u> |
|--------------------------------|------------------------------------|-------------------|---------------------------------|------------------------------------|
| Land | \$ 111,687 | \$ - | \$ - | \$ 111,687 |
| Buildings and Improvements | 3,677,763 | 55,659 | - | 3,733,422 |
| Infrastructure | 2,771,047 | - | - | 2,771,047 |
| Vehicles and Equipment | 3,271,757 | 446,068 | (99,993) | 3,617,832 |
| Construction in Progress | - | 49,869 | - | 49,869 |
| | <u>9,832,254</u> | <u>551,596</u> | <u>(99,993)</u> | <u>10,283,857</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (1,214,651) | (97,215) | - | (1,311,866) |
| Vehicles and Equipment | (2,318,225) | (253,875) | 81,191 | (2,490,909) |
| Infrastructure | (1,475,281) | (69,277) | - | (1,544,558) |
| | <u>(5,008,157)</u> | <u>(420,367)</u> | <u>81,191</u> | <u>(5,347,333)</u> |
| Capital Assets, Net | <u>\$ 4,824,097</u> | <u>\$ 131,229</u> | <u>\$ (18,802)</u> | <u>\$ 4,936,524</u> |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE F -- CAPITAL ASSETS (Continued)

Land and construction in progress are not depreciated. Depreciation for the year ending September 30, 2018 was charged to the following functions:

| | |
|---|-------------------|
| General Administration | \$ 141,612 |
| Municipal Court | 1,676 |
| Police | 119,529 |
| Fire | 138,149 |
| Public Works | <u>19,401</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 420,367</u> |

Business-type activities capital asset activity for the year ended September 30, 2018, was as follows:

| <i>Business-Type Activities</i> | Balance 10/1/2017 | Additions | Disposals/ Transfers | Balance 9/30/2018 |
|---------------------------------|----------------------|--------------------|-------------------------|----------------------|
| Land | \$ 30,146 | \$ - | \$ - | \$ 30,146 |
| Water Rights | 302,981 | 65,946 | - | 368,927 |
| Buildings and Improvements | 102,176 | - | - | 102,176 |
| Plant and Infrastructure | 7,237,669 | 68,112 | (28,725) | 7,277,056 |
| Vehicles and Equipment | <u>320,705</u> | <u>4,906</u> | <u>(5,524)</u> | <u>320,087</u> |
| | <u>7,993,677</u> | <u>138,964</u> | <u>(34,249)</u> | <u>8,098,392</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | (4,568) | (2,554) | - | (7,122) |
| Plant and Infrastructure | (2,968,038) | (178,856) | 28,725 | (3,118,169) |
| Vehicles and Equipment | <u>(266,867)</u> | <u>(9,395)</u> | <u>5,524</u> | <u>(270,738)</u> |
| | <u>(3,239,473)</u> | <u>(190,805)</u> | <u>34,249</u> | <u>(3,396,029)</u> |
| Capital Assets, Net | <u>\$ 4,754,204</u> | <u>\$ (51,841)</u> | <u>\$ -</u> | <u>\$ 4,702,363</u> |

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

NOTE G -- LONG-TERM DEBT

Combination Tax and Limited Pledged Revenue Certificates of Obligation, Series 2009

The City issued \$2,299,999 in certificates of obligation in August 2009 for water utility system improvements. The debt service on the certificates are to be paid by the water utility fund. The bonds mature serially through February 15, 2039 and bear interest at rates between 3.5% and 5.0%. In June 2017, \$1,185,000 of these obligations were defeased by Series 2017. An amount sufficient to service this debt was placed in escrow until the redemption date of February, 2019. According, these obligations have been removed from these financial statements.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- LONG-TERM DEBT (Continued)

General Obligation Refunding Bonds, Series 2009

The City issued \$2,795,000 in general obligation bonds in May 2009 to partially refund outstanding governmental and water utility debts. The debt service on the bonds are shared by the water utility fund and debt service fund. The bonds mature serially through February 15, 2026 and bear interest at rates between 3.50% and 4.375%.

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%.

Changes in long-term debt for the year ending September 30, 2018 were as follows:

| | Balance 10/1/2017 | Additions | Reductions | Balance 9/30/2018 | Due Within One Year |
|---------------------------------------|----------------------|-------------|---------------------|----------------------|------------------------|
| <i>Governmental Activities</i> | | | | | |
| 2009 General Obligation | <u>\$ 1,501,598</u> | <u>\$ -</u> | <u>\$ (143,010)</u> | <u>\$ 1,358,588</u> | <u>\$ 154,928</u> |
| <i>Business-Type Activities</i> | | | | | |
| Bonds Payable: | | | | | |
| 2009 General Obligation | \$ 388,402 | \$ - | \$ (36,990) | \$ 351,412 | \$ 40,072 |
| 2009 Certificates | 110,000 | - | (55,000) | 55,000 | 55,000 |
| 2017 General Obligation | 1,895,000 | - | (10,000) | 1,885,000 | 10,000 |
| 2017 General Obligation Premium | 176,517 | - | (12,492) | 164,025 | 12,455 |
| <i>Total Business-Type Activities</i> | <u>\$ 2,569,919</u> | <u>\$ -</u> | <u>\$ (114,482)</u> | <u>\$ 2,455,437</u> | <u>\$ 117,527</u> |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE G -- LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2018, including interest payments, are as follows:

| Fiscal Year Ending September 30, | Principal | Interest | Total |
|-------------------------------------|---------------------|-------------------|---------------------|
| <i>Governmental Activities</i> | | | |
| 2019 | \$ 154,928 | \$ 53,470 | \$ 208,398 |
| 2020 | 154,928 | 47,273 | 202,201 |
| 2021 | 162,873 | 40,917 | 203,790 |
| 2022 | 170,818 | 34,243 | 205,061 |
| 2023 | 178,763 | 27,028 | 205,791 |
| 2024-2026 | 536,278 | 33,687 | 569,965 |
| | <u>\$ 1,358,588</u> | <u>\$ 236,618</u> | <u>\$ 1,595,206</u> |
| <i>Business-Type Activities</i> | | | |
| 2019 | \$ 105,072 | \$ 81,993 | \$ 187,065 |
| 2020 | 110,072 | 78,627 | 188,699 |
| 2021 | 112,127 | 75,583 | 187,710 |
| 2022 | 114,182 | 72,457 | 186,639 |
| 2023 | 116,237 | 69,191 | 185,428 |
| 2024-2028 | 533,722 | 285,714 | 819,436 |
| 2029-2033 | 475,000 | 193,700 | 668,700 |
| 2034-2038 | 595,000 | 87,300 | 682,300 |
| 2039 | 130,000 | 2,600 | 132,600 |
| | <u>\$ 2,291,412</u> | <u>\$ 947,165</u> | <u>\$ 3,238,577</u> |

NOTE H -- OPERATING LEASE

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

NOTE I -- DESIGNATED NET POSITION

As of September 30, 2018, the City has designated \$520,769 of the proprietary Water Utility Fund's \$996,403 in unrestricted net position for capital projects.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 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.tmrs.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:

| | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|
| Inactive employees or beneficiaries currently receiving benefits | 24 | 27 |
| Inactive employees entitled to but not yet receiving benefits | 84 | 81 |
| Active employees | 49 | 50 |
| | <u>157</u> | <u>158</u> |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- 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 13.61% and 13.55% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$406,467, \$1,540 more than the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 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 | 26 Years |
| Asset Valuation Method | 10 Year Smoothed Market; 15% Soft Corridor |
| Inflation | 2.50% |
| Salary Increases | 3.5% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014. |
| Mortality | RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. 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> |
|-----------------------|--------------------------|--|
| Domestic Equity | 17.50% | 4.55% |
| International Equity | 17.50% | 6.35% |
| Core Fixed Income | 10.00% | 1.00% |
| Non-Core Fixed Income | 20.00% | 3.90% |
| Real Return | 10.00% | 3.80% |
| Real Estate | 10.00% | 4.50% |
| Absolute Return | 10.00% | 3.75% |
| Private Equity | 5.00% | 7.50% |
| | <u>100.00%</u> | |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- 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, 2017:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Balance at December 31, 2016 | \$ 6,875,998 | \$ 5,791,392 | \$ 1,084,606 |
| Changes for the year: | | | |
| Service Cost | 512,241 | - | 512,241 |
| Interest | 476,720 | - | 476,720 |
| Change of Benefit Terms | - | - | - |
| Difference Between Expected and Actual Experience | 39,443 | - | 39,443 |
| Changes of Assumptions | - | - | - |
| Contributions - Employer | - | 382,496 | (382,496) |
| Contributions - Employee | - | 196,584 | (196,584) |
| Net Investment Income | - | 802,552 | (802,552) |
| Benefit Payments, Including Refunds of Employee Contributions | (139,198) | (139,198) | - |
| Administrative Expense | - | (4,160) | 4,160 |
| Other Changes | - | (212) | 212 |
| Net Changes | 889,206 | 1,238,062 | (348,856) |
| Balance at December 31, 2017 | \$ 7,765,204 | \$ 7,029,454 | \$ 735,750 |

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) | \$ 2,153,730 | \$ 735,750 | \$ 388,542 |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE J -- 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, 2018, the City recognized pension expense of \$444,121. Also as of September 30, 2018, 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 | \$ 65,585 | \$ 2,857 |
| Changes in Actuarial Assumptions | 4,719 | - |
| Differences Between Projected and Actual Investment Earnings | 140,527 | 329,419 |
| Contributions Subsequent to the Measurement Date | 299,516 | - |
| | <u>\$ 510,347</u> | <u>\$ 332,276</u> |

Deferred outflows of resources in the amount of \$299,516 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, 2018. 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, | |
| 2018 | \$ 34,860 |
| 2019 | 4,053 |
| 2020 | (78,033) |
| 2021 | (82,325) |
| | <u>\$ (121,445)</u> |

NOTE K -- 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, 2018

NOTE K -- 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, 2017, the valuation and measurement date, consisted of:

| | 2017 |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 15 |
| Inactive employees entitled to but not yet receiving benefits | 9 |
| Active employees | 50 |
| | <u>74</u> |

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 10.5% including Inflation |
| Discount Rate | 3.31% 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 | RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |
| Mortality Rates - Disabled Retirees | RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor. |

Contribution rates were as follows:

| Calendar Year | Contribution Rate | |
|---------------|-------------------|-----------------|
| | Total | Retiree Portion |
| 2017 | 0.12% | 0.02% |
| 2018 | 0.12% | 0.02% |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City's total OPEB liability, as of December 31, 2017, the measurement and valuation date, was as follows:

| | Total OPEB Liability |
|------------------------------|--------------------------|
| Balance at December 31, 2016 | <u>\$ 93,754</u> |
| Changes for the year: | |
| Service Cost | 5,055 |
| Interest | 3,629 |
| Changes of Assumptions | 9,387 |
| Benefit Payments | <u>(562)</u> |
| Net Changes | <u>17,509</u> |
| Balance at December 31, 2017 | <u><u>\$ 111,263</u></u> |

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 3.31% 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 2.31% | Discount Rate 3.31% | Discount Rate 4.31% |
|------------------------------|------------------------|------------------------|------------------------|
| Total OPEB Liability (Asset) | <u>\$ 136,517</u> | <u>\$ 111,263</u> | <u>\$ 92,372</u> |

For the year ended September 30, 2018, the City recognized OPEB expense of \$9,944. Also as of September 30, 2018, 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 | \$ - | \$ - |
| Changes in Actuarial Assumptions | 8,127 | - |
| Differences Between Projected and Actual Investment Earnings | - | - |
| Contributions Subsequent to the Measurement Date | 440 | - |
| | <u>\$ 8,567</u> | <u>\$ -</u> |

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE K -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

Deferred outflows of resources in the amount of \$440 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, 2018. 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, | | |
|--------------------------------------|----|--------------|
| 2018 | \$ | 1,260 |
| 2019 | | 1,260 |
| 2020 | | 1,260 |
| 2021 | | 1,260 |
| 2022 | | 1,260 |
| Thereafter | | 1,827 |
| | \$ | <u>8,127</u> |

NOTE L -- 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 also 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, 2018, the HEFC had issued two series of Bonds:

| Issue | Original Principal | Amount Outstanding | Maturity |
|-------------|-----------------------|-----------------------|----------|
| 2015 Series | \$ 5,200,000 | \$ 4,675,000 | 2035 |
| 2016 Series | 2,000,000 | 1,769,000 | 2026 |

NOTE M -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is the subject of various other 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 material effect on the City's financial position.

Commitments

The City began drainage projects and entered into engineering agreements with a total amount of \$260,007. As of September 30, 2018, \$49,869 had been incurred, leaving an estimated commitment of \$210,138.

CITY OF SHAVANO PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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 -- PRIOR PERIOD ADJUSTMENTS

As discussed in Note A20, the City made changes to its accounting policies. The following summarizes their impact on beginning fund balance/net position:

| | Governmental Activities | Business Type Activities | Proprietary Fund |
|--|----------------------------|--------------------------------|---------------------|
| <i>Changes in Accounting Principles</i> | | | |
| Outstanding warrants for court fines are only recorded after the court appearance | \$ (195,097) | \$ - | \$ - |
| Adoption of Governmental Accounting Standards Board Statement No. 75 related to other post-employment benefits | \$ (88,510) | \$ (4,839) | \$ (4,839) |

NOTE P -- SUBSEQUENT EVENT

In October, 2018, the City issued General Obligation Refunding Bonds, Series 2018 in the amount of \$1.385 million to advance refund \$1.32 million of the 2009 Series. This issue is funded 20.55% by water utility revenues and 79.45% by ad valorem taxes, through the debt service fund.



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, 2018

| | Budget Amounts | | Actual | |
|--|---------------------|---------------------|---------------------|--------------------|
| | Original | Final | Amounts | Variance |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 3,121,801 | \$ 3,121,801 | \$ 3,049,746 | \$ (72,055) |
| Sales Taxes | 460,000 | 460,000 | 413,230 | (46,770) |
| Mixed Beverage Tax | 20,000 | 20,000 | 20,647 | 647 |
| Franchise Fees | 459,203 | 459,203 | 474,837 | 15,634 |
| Licenses and Permits | 526,700 | 586,140 | 510,797 | (75,343) |
| Emergency Medical Services | 110,000 | 110,000 | 119,207 | 9,207 |
| Fines and Penalties | 206,000 | 206,000 | 167,715 | (38,285) |
| Interest Income | 16,000 | 56,000 | 54,643 | (1,357) |
| Miscellaneous | 97,879 | 129,019 | 135,501 | 6,482 |
| TOTAL REVENUES | <u>5,017,583</u> | <u>5,148,163</u> | <u>4,946,323</u> | <u>(201,840)</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Council | 30,084 | 30,084 | 32,751 | (2,667) |
| General Administration | 778,645 | 844,045 | 817,060 | 26,985 |
| Municipal Court | 81,459 | 87,695 | 83,869 | 3,826 |
| Public Works | 505,704 | 505,704 | 467,560 | 38,144 |
| Fire | 1,642,172 | 1,643,092 | 1,573,899 | 69,193 |
| Police | 1,687,949 | 1,692,277 | 1,715,218 | (22,941) |
| Development Services | 96,900 | 96,900 | 102,599 | (5,699) |
| Capital Outlay | 460,530 | 493,031 | 466,452 | 26,579 |
| TOTAL EXPENDITURES | <u>5,283,443</u> | <u>5,392,828</u> | <u>5,259,408</u> | <u>133,420</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(265,860)</u> | <u>(244,665)</u> | <u>(313,085)</u> | <u>(68,420)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Disposal of Assets | 10,000 | 38,920 | 39,464 | 544 |
| Transfers In | 475,401 | 488,137 | 480,150 | (7,987) |
| Transfers Out | (319,596) | (635,324) | (629,635) | 5,689 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>165,805</u> | <u>(108,267)</u> | <u>(110,021)</u> | <u>(1,754)</u> |
| Net Change in Fund Balance | (100,055) | (352,932) | (423,106) | (70,174) |
| Beginning Fund Balance | <u>3,072,119</u> | <u>3,072,119</u> | <u>3,072,119</u> | <u>-</u> |
| Ending Fund Balance | <u>\$ 2,972,064</u> | <u>\$ 2,719,187</u> | <u>\$ 2,649,013</u> | <u>\$ (70,174)</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, 2018

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 FOUR PLAN (CALENDAR) YEARS

| | Total Pension Liability | | | |
|---|-----------------------------|---------------------|---------------------|---------------------|
| | 2014 | 2015 | 2016 | 2017 |
| Service Cost | \$ 370,994 | \$ 415,475 | \$ 473,885 | \$ 512,241 |
| Interest (on the Total Pension Liability) | 342,494 | 383,127 | 417,517 | 476,720 |
| Changes of Benefit Terms | - | - | - | - |
| Difference between Expected and Actual Experience | (19,418) | (35,818) | 93,916 | 39,443 |
| Change of Assumptions | - | 59,151 | - | - |
| Benefit Payments, Including Refunds of Employee Contributions | (109,427) | (162,266) | (115,623) | (139,198) |
| Net Change in Total Pension Liability | 584,643 | 659,669 | 869,695 | 889,206 |
| Total Pension Liability - Beginning | 4,761,991 | 5,346,634 | 6,006,303 | 6,875,998 |
| Total Pension Liability - Ending | <u>\$ 5,346,634</u> | <u>\$ 6,006,303</u> | <u>\$ 6,875,998</u> | <u>\$ 7,765,204</u> |
| | Plan Fiduciary Net Position | | | |
| | 2014 | 2015 | 2016 | 2017 |
| Contributions - Employer | \$ 260,007 | \$ 307,649 | \$ 349,004 | \$ 382,496 |
| Contributions - Employee | 153,047 | 158,233 | 179,502 | 196,584 |
| Net Investment Income | 240,054 | 6,990 | 340,526 | 802,552 |
| Benefit Payments, Including Refunds of Employee Contributions | (109,427) | (162,266) | (115,623) | (139,198) |
| Administrative Expense | (2,505) | (4,256) | (3,848) | (4,160) |
| Other | (205) | (212) | (206) | (212) |
| Net Change in Plan Fiduciary Net Position | 540,971 | 306,138 | 749,355 | 1,238,062 |
| Plan Fiduciary Net Position - Beginning | 4,194,928 | 4,735,899 | 5,042,037 | 5,791,392 |
| Plan Fiduciary Net Position - Ending | <u>\$ 4,735,899</u> | <u>\$ 5,042,037</u> | <u>\$ 5,791,392</u> | <u>\$ 7,029,454</u> |
| Net Pension Liability (Asset) - Ending | \$ 610,735 | \$ 964,266 | \$ 1,084,606 | \$ 735,750 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 88.58% | 83.95% | 84.23% | 90.53% |
| Covered Payroll | \$ 2,183,711 | \$ 2,260,472 | \$ 2,564,315 | \$ 2,808,336 |
| Net Pension Liability as a Percentage of Covered Payroll | 27.97% | 42.66% | 42.30% | 26.20% |

Information is being accumulated prospectively until ten years is available.

CITY OF SHAVANO PARK
SCHEDULE OF CITY CONTRIBUTIONS TO PENSION PLAN
LAST FIVE FISCAL YEARS

| Fiscal Year Ending September 30, | Contributions In Relation to | | Contribution Deficiency (Excess) | Covered Employee Payroll |
|-------------------------------------|---|---|--|--------------------------------|
| | Actuarially Determined Contribution | Actuarially Determined Contribution | | |
| 2014 | \$ 243,300 | \$ 243,300 | \$ - | \$ 2,157,762 |
| 2015 | 306,584 | 306,584 | - | 2,252,914 |
| 2016 | 314,459 | 318,460 | (4,001) | 2,260,472 |
| 2017 | 375,188 | 377,030 | (1,842) | 2,768,761 |
| 2018 | 404,927 | 406,467 | (1,540) | 2,984,335 |

Notes to Schedule of Contributions

Changes in Benefit Terms: None

Changes in Assumptions: None

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 PLAN (CALENDAR) YEAR

| Total OPEB Liability | 2017 |
|--|-------------------|
| Service Cost | \$ 5,055 |
| Interest | 3,629 |
| Changes of Benefit Terms | - |
| Difference between Expected and Actual Experience | - |
| Change of Assumptions | 9,387 |
| Benefit Payments | (562) |
| Net Change in Total OPEB Liability | 17,509 |
| Total OPEB Liability - Beginning | 93,754 |
| Total OPEB Liability - Ending | <u>\$ 111,263</u> |
| Covered Payroll | \$ 2,808,336 |
| Total OPEB Liability as a Percentage of Covered Payroll | 3.96% |

Notes to Schedule of Changes in Liability

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, 2018

| | | Special Revenue Funds | | |
|---|-------------------------|------------------------------|------------------|------------------|
| | Debt Service Fund | Crime Control District | PEG Fund | Oak Wilt Fund |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 217,856 | \$ 536,501 | \$ 85,564 | \$ - |
| Property Taxes Receivable (net) | 7,872 | - | - | - |
| Other Receivables | - | 17,066 | 4,077 | - |
| Due From Other Funds | 291 | 18,639 | - | 83,247 |
| TOTAL ASSETS | <u>\$ 226,019</u> | <u>\$ 572,206</u> | <u>\$ 89,641</u> | <u>\$ 83,247</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts Payable | \$ - | \$ 22,163 | \$ - | \$ - |
| <i>Total Liabilities</i> | <u>-</u> | <u>22,163</u> | <u>-</u> | <u>-</u> |
| <i>Deferred Inflows of Resources:</i> | | | | |
| Unavailable Property Tax Revenue | 7,872 | - | - | - |
| <i>Total Deferred Inflows</i> | <u>7,872</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund Balances:</i> | | | | |
| Restricted For: | | | | |
| Debt Service | 218,147 | - | - | - |
| Police | - | 550,043 | - | - |
| Municipal Court | - | - | - | - |
| Street Maintenance | - | - | - | - |
| PEG | - | - | 89,641 | - |
| Committed For: | | | | |
| Oak Wilt | - | - | - | 83,247 |
| <i>Total Fund Balances</i> | <u>218,147</u> | <u>550,043</u> | <u>89,641</u> | <u>83,247</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES | <u>\$ 226,019</u> | <u>\$ 572,206</u> | <u>\$ 89,641</u> | <u>\$ 83,247</u> |

| Special Revenue Funds | | | | Total |
|-----------------------|----------------------------|----------------------|-------------------|---------------------|
| Street Maintenance | Court Tech and Security | Child Safety Fund | LEOSE Training | Nonmajor Funds |
| \$ - | \$ - | \$ - | \$ - | \$ 839,921 |
| - | - | - | - | 7,872 |
| 16,947 | - | - | - | 38,090 |
| 387,653 | 56,924 | 3,837 | - | 550,591 |
| <u>\$ 404,600</u> | <u>\$ 56,924</u> | <u>\$ 3,837</u> | <u>\$ -</u> | <u>\$ 1,436,474</u> |
| | | | | |
| \$ - | \$ - | \$ 60 | \$ - | \$ 22,223 |
| - | - | 60 | - | 22,223 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,872</u> |
| - | - | - | - | 7,872 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,872</u> |
| | | | | |
| - | - | - | - | 218,147 |
| - | - | 3,777 | - | 553,820 |
| - | 56,924 | - | - | 56,924 |
| 404,600 | - | - | - | 404,600 |
| - | - | - | - | 89,641 |
| - | - | - | - | 83,247 |
| <u>404,600</u> | <u>56,924</u> | <u>3,777</u> | <u>-</u> | <u>1,406,379</u> |
| | | | | |
| <u>\$ 404,600</u> | <u>\$ 56,924</u> | <u>\$ 3,837</u> | <u>\$ -</u> | <u>\$ 1,436,474</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, 2018

| | | Special Revenue Funds | | |
|--|-------------------------|------------------------------|------------------|------------------|
| | Debt Service Fund | Crime Control District | PEG Fund | Oak Wilt Fund |
| REVENUES | | | | |
| Ad Valorem Taxes | \$ 141,513 | \$ - | \$ - | \$ - |
| Sales Tax | - | 103,244 | - | - |
| Franchise Fees | - | - | 20,020 | - |
| Licenses and Permits | - | - | - | 12,915 |
| Fines and Forfeitures | - | - | - | - |
| Interest Income | 3,790 | 8,038 | 1,255 | - |
| Miscellaneous Income | - | - | - | - |
| TOTAL REVENUES | <u>\$ 145,303</u> | <u>\$ 111,282</u> | <u>\$ 21,275</u> | <u>\$ 12,915</u> |
| EXPENDITURES | | | | |
| <i>Current:</i> | | | | |
| Fire | \$ - | \$ - | \$ - | \$ - |
| Police | - | 41,555 | - | - |
| Capital Outlay | - | - | 35,784 | - |
| <i>Debt Service:</i> | | | | |
| Principal | 143,010 | - | - | - |
| Interest and Fiscal Charges | 59,371 | - | - | - |
| TOTAL EXPENDITURES | <u>\$ 202,381</u> | <u>\$ 41,555</u> | <u>\$ 35,784</u> | <u>\$ -</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(57,078)</u> | <u>69,727</u> | <u>(14,509)</u> | <u>12,915</u> |
| OTHER FINANCING USES | | | | |
| Transfer Out | <u>-</u> | <u>(210,054)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | (57,078) | (140,327) | (14,509) | 12,915 |
| Fund Balances at Beginning of Year | <u>275,225</u> | <u>690,370</u> | <u>104,150</u> | <u>70,332</u> |
| Fund Balances at End of Year | <u>\$ 218,147</u> | <u>\$ 550,043</u> | <u>\$ 89,641</u> | <u>\$ 83,247</u> |

| Special Revenue Funds | | | | Total |
|-----------------------|----------------------------|----------------------|-------------------|---------------------|
| Street Maintenance | Court Tech and Security | Child Safety Fund | LEOSE Training | Nonmajor Funds |
| \$ - | \$ - | \$ - | \$ - | \$ 141,513 |
| 103,308 | - | - | - | 206,552 |
| - | - | - | - | 20,020 |
| - | - | - | - | 12,915 |
| - | 8,084 | - | - | 8,084 |
| - | - | - | - | 13,083 |
| - | - | 4,222 | 1,552 | 5,774 |
| <u>\$ 103,308</u> | <u>\$ 8,084</u> | <u>\$ 4,222</u> | <u>\$ 1,552</u> | <u>\$ 407,941</u> |
| | | | | |
| \$ - | \$ - | \$ 3,044 | \$ - | \$ 3,044 |
| - | - | 2,200 | 2,065 | 45,820 |
| - | - | - | - | 35,784 |
| - | - | - | - | 143,010 |
| - | - | - | - | 59,371 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,244</u> | <u>\$ 2,065</u> | <u>\$ 287,029</u> |
| | | | | |
| 103,308 | 8,084 | (1,022) | (513) | 120,912 |
| | | | | |
| - | (8,749) | - | - | (218,803) |
| | | | | |
| 103,308 | (665) | (1,022) | (513) | (97,891) |
| | | | | |
| 301,292 | 57,589 | 4,799 | 513 | 1,504,270 |
| | | | | |
| <u>\$ 404,600</u> | <u>\$ 56,924</u> | <u>\$ 3,777</u> | <u>\$ -</u> | <u>\$ 1,406,379</u> |

CITY OF SHAVANO PARK
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 2,751,966 | \$ 2,818,116 |
| Investments | 752,617 | 744,462 |
| Receivables (net of allowances for uncollectibles): | | |
| Property Taxes | 96,134 | 20,865 |
| Other Receivables | 254,734 | 234,674 |
| Prepaid Items | 500 | - |
| Due from Other Funds | <u>-</u> | <u>18,411</u> |
| TOTAL ASSETS | <u><u>\$ 3,855,951</u></u> | <u><u>\$ 3,836,528</u></u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 350,435 | \$ 178,454 |
| Accrued Expenditures | 128,977 | 104,860 |
| Due to Other Funds | <u>574,311</u> | <u>422,100</u> |
| <i>Total Liabilities</i> | <u>1,053,723</u> | <u>705,414</u> |
| <i>Deferred Inflows of Resources:</i> | | |
| Unavailable Property Tax Revenue | 96,134 | 20,865 |
| Unavailable EMS Revenue | <u>57,081</u> | <u>38,130</u> |
| <i>Total Deferred Inflows of Resources</i> | <u>153,215</u> | <u>58,995</u> |
| <i>Fund Balances:</i> | | |
| Nonspendable: | | |
| Prepaid Items | 500 | - |
| Unassigned | <u>2,648,513</u> | <u>3,072,119</u> |
| <i>Total Fund Balance</i> | <u>2,649,013</u> | <u>3,072,119</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u><u>\$ 3,855,951</u></u> | <u><u>\$ 3,836,528</u></u> |

CITY OF SHAVANO PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
GENERAL FUND
SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017 |
|--|----------------------------|----------------------------|
| REVENUES | | |
| Ad Valorem Taxes | \$ 3,049,746 | \$ 2,989,753 |
| Sales Taxes | 413,230 | 436,447 |
| Mixed Beverage Tax | 20,647 | 19,230 |
| Franchise Fees | 474,837 | 453,756 |
| Licenses and Permits | 510,797 | 598,356 |
| Emergency Medical Services | 119,207 | 111,170 |
| Fines and Penalties | 167,715 | 191,327 |
| Interest Income | 54,643 | 22,194 |
| Miscellaneous | 135,501 | 182,758 |
| TOTAL REVENUES | \$ 4,946,323 | \$ 5,004,991 |
| EXPENDITURES | | |
| <i>Current:</i> | | |
| Council | \$ 32,751 | \$ 29,388 |
| General Administration | 817,060 | 727,064 |
| Municipal Court | 83,869 | 75,504 |
| Public Works | 467,560 | 462,956 |
| Fire | 1,573,899 | 1,484,715 |
| Police | 1,715,218 | 1,483,552 |
| Development Services | 102,599 | 98,089 |
| Capital Outlay | 466,452 | 505,956 |
| TOTAL EXPENDITURES | \$ 5,259,408 | \$ 4,867,224 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(313,085)</u> | <u>137,767</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Proceeds from Disposal of Assets | 39,464 | 23,245 |
| Transfers In | 480,150 | 605,295 |
| Transfers Out | <u>(629,635)</u> | <u>(251,032)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(110,021)</u> | <u>377,508</u> |
| Net Change in Fund Balance | (423,106) | 515,275 |
| BEGINNING FUND BALANCE | <u>3,072,119</u> | <u>2,556,844</u> |
| ENDING FUND BALANCE | <u><u>\$ 2,649,013</u></u> | <u><u>\$ 3,072,119</u></u> |

CITY OF SHAVANO PARK
COMPARATIVE STATEMENTS OF NET POSITION
WATER UTILITY
SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017* |
|---|---------------------|---------------------|
| ASSETS | | |
| <i>Current Assets:</i> | | |
| Cash and Cash Equivalents | \$ 664,318 | \$ 698,134 |
| Investments | 251,681 | 248,243 |
| Customer Receivables | 68,558 | 117,616 |
| Inventory and Prepaid Expenses | 84,439 | 29,920 |
| Due from Other Funds | 12,795 | 3,509 |
| <i>Total Current Assets</i> | <u>1,081,791</u> | <u>1,097,422</u> |
| Property and Equipment (net) | <u>4,702,363</u> | <u>4,754,204</u> |
| TOTAL ASSETS | <u>5,784,154</u> | <u>5,851,626</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Loss on Debt Refundings | 126,172 | 136,962 |
| Pension Related Deferred Outflows | 35,142 | 39,450 |
| OPEB Related Deferred Outflows | 519 | 21 |
| TOTAL DEFERRED OUTFLOWS | <u>161,833</u> | <u>176,433</u> |
| LIABILITIES | | |
| <i>Current Liabilities:</i> | | |
| Accounts Payable | 26,659 | 89,813 |
| Accrued Wages | 5,187 | 3,793 |
| Accrued Compensated Absences | 2,107 | 440 |
| Accrued Interest | 10,482 | 10,910 |
| Deposits and Unearned Revenue | 15,500 | 18,200 |
| Current Portion of Long-Term Debt | 117,527 | 114,482 |
| <i>Total Current Liabilities</i> | <u>177,462</u> | <u>237,638</u> |
| <i>Long-term Liabilities:</i> | | |
| Long-term Debt (Net of Current Portion) | 2,337,910 | 2,455,437 |
| Net OPEB Liability | 5,927 | 4,860 |
| Net Pension Liability | 34,783 | 56,229 |
| <i>Total Long-term Liabilities</i> | <u>2,378,620</u> | <u>2,516,526</u> |
| TOTAL LIABILITIES | <u>2,556,082</u> | <u>2,754,164</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Related Deferred Inflows | <u>20,404</u> | <u>952</u> |
| NET POSITION | | |
| Net Investment In Capital Assets | 2,373,098 | 2,321,247 |
| Unrestricted | 996,403 | 951,696 |
| TOTAL NET POSITION | <u>\$ 3,369,501</u> | <u>\$ 3,272,943</u> |

*2017 was restated to reflect the adoption of GASB Statement No. 75. See Note A20.

CITY OF SHAVANO PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET
POSITION
WATER UTILITY
SEPTEMBER 30, 2018 AND 2017

| | 2018 | 2017* |
|---|---------------------|---------------------|
| OPERATING REVENUES | | |
| Charges for Utility Service | \$ 869,190 | \$ 865,391 |
| Miscellaneous Charges | 50,328 | 46,876 |
| TOTAL OPERATING REVENUES | <u>919,518</u> | <u>912,267</u> |
| OPERATING EXPENSES | | |
| Personnel | 247,502 | 224,912 |
| Materials and Supplies | 16,113 | 15,727 |
| Services | 96,179 | 108,044 |
| Water Lease | 12,282 | 33,292 |
| Maintenance | 180,759 | 427,642 |
| Depreciation | 190,805 | 203,800 |
| TOTAL OPERATING EXPENSES | <u>743,640</u> | <u>1,013,417</u> |
| OPERATING INCOME (LOSS) | <u>175,878</u> | <u>(101,150)</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest Income | 11,824 | 6,848 |
| Insurance Recoveries | 9,838 | 45,707 |
| Loss on Disposal of Capital Assets | 4,705 | (18,787) |
| Bond Issue Costs | - | (76,349) |
| Interest Expense | (83,637) | (98,260) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(57,270)</u> | <u>(140,841)</u> |
| INCOME (LOSS) BEFORE TRANSFERS | <u>118,608</u> | <u>(241,991)</u> |
| TRANSFERS | | |
| Transfers Out | (22,050) | (79,312) |
| TOTAL TRANSFERS | <u>(22,050)</u> | <u>(79,312)</u> |
| CHANGE IN NET POSITION | 96,558 | (321,303) |
| NET POSITION AT BEGINNING OF YEAR | <u>3,272,943</u> | <u>3,594,246</u> |
| NET POSITION AT END OF YEAR | <u>\$ 3,369,501</u> | <u>\$ 3,272,943</u> |

*2017 was restated to reflect the adoption of GASB Statement No. 75. See Note A20.

