



## **Communication with Those Charged with Governance**

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

We have audited the financial statements of City of Shavano Park as of and for the year ended September 30, 2019, and have issued our report thereon dated December 10, 2019. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated March 31, 2017, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

### **Planned Scope and Timing of the Audit**

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

### **Compliance with All Ethics Requirements Regarding Independence**

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

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Shavano Park is included in Note A to the financial statements. There were no new accounting policies adopted and no changes in significant accounting policies or their application during 2019.

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

### *Significant Accounting Estimates*

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

### *Financial Statement Disclosures*

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

## **Significant Difficulties Encountered during the Audit**

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

## **Representations Requested from Management**

We have requested certain written representations from management in a separate letter dated December 10, 2019.

## **Disagreements with Management**

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

**Uncorrected and Corrected Misstatements**

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

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

**Management's Consultations with Other Accountants**

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

**Other Significant Matters, Findings, or Issues**

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

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

Respectfully,



Armstrong, Vaughan & Associates, PC  
December 10, 2019



**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2019**



CITY OF SHAVANO PARK  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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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







## 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

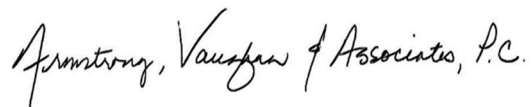
## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Shavano Park's basic financial statements as a whole. The combining nonmajor fund financial statements and individual fund comparative statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 10, 2019



## 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, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

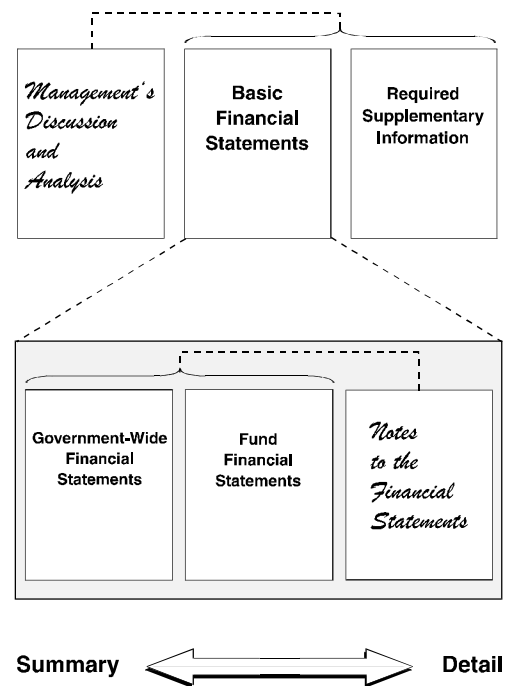
- The City's total combined net position was \$14.1 million at September 30, 2019, an increase of \$42 thousand.
- The City's governmental expenses were \$93 thousand less than the \$5.6 million generated in general and program revenues for governmental activities, including transfers. The total cost of the City's governmental programs increased 3% from the prior year.
- The City's business-type expenses (including transfers) were \$51 thousand more than the \$864 thousand generated in charges for services and other revenues. The total cost of the City's business-type activities increased 8% from the prior year.
- The general fund reported a fund balance this year of \$2.7 million, an increase of \$30 thousand.
- In 2018, the City issued \$1.4 million in bonds to refund most of the 2009 general obligation bonds for a net present value savings of \$44 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.

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

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

**Government-Wide Statements**

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

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

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

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

### Fund Financial Statements

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

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

The City has the following kinds of funds:

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

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City’s combined net position was \$14.1 million at September 30, 2019. (See Table A-1).

**Table A-1**  
City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<i>Assets:</i>						
Current Assets	\$ 6,982,432	\$ 8,372,308	\$ 1,087,056	\$ 1,081,791	\$ 8,069,488	\$ 9,454,099
Capital Assets (net)	6,181,923	4,936,524	4,574,876	4,702,363	10,756,799	9,638,887
<i>Total Assets</i>	<u>13,164,355</u>	<u>13,308,832</u>	<u>5,661,932</u>	<u>5,784,154</u>	<u>18,826,287</u>	<u>19,092,986</u>
<i>Deferred Outflows:</i>	<u>1,074,790</u>	<u>560,029</u>	<u>186,682</u>	<u>161,833</u>	<u>1,261,472</u>	<u>721,862</u>
<i>Liabilities:</i>						
Current Liabilities	560,849	882,175	198,715	177,462	759,564	1,059,637
Long-Term Liabilities	2,680,677	2,009,963	2,315,459	2,378,620	4,996,136	4,388,583
<i>Total Liabilities</i>	<u>3,241,526</u>	<u>2,892,138</u>	<u>2,514,174</u>	<u>2,556,082</u>	<u>5,755,700</u>	<u>5,448,220</u>
<i>Deferred Inflows:</i>	<u>240,162</u>	<u>311,872</u>	<u>15,590</u>	<u>20,404</u>	<u>255,752</u>	<u>332,276</u>
<i>Net Position:</i>						
Invested in Capital Assets	5,014,002	3,654,712	2,344,594	2,373,098	7,358,596	6,027,810
Restricted	1,427,069	1,323,933	-	-	1,427,069	1,323,933
Unrestricted	4,316,386	5,686,206	974,256	996,403	5,290,642	6,682,609
<i>Total Net Position</i>	<u>\$ 10,757,457</u>	<u>\$ 10,664,851</u>	<u>\$ 3,318,850</u>	<u>\$ 3,369,501</u>	<u>\$ 14,076,307</u>	<u>\$ 14,034,352</u>

## Governmental Activities

- Property tax rates remained the same for the fiscal year ending September 30, 2019, but increasing valuations increased property tax revenues \$136 thousand.
- Cost of living adjustments for employees contributed to an overall increase in governmental activities expenses of 3%.

## Business-Type Activities

- Utility revenues decreased based on weaker consumption than previous years.
- However, expenses increased 8%, primarily in the area of wages and depreciation.

**Table A-2**  
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<i>Program Revenues:</i>						
Charges for Services	\$ 733,198	\$ 889,636	\$ 847,653	\$ 919,518	\$ 1,580,851	\$ 1,809,154
Operating Grants and Contributions	31,604	30,587	-	-	31,604	30,587
<i>General Revenues:</i>						
Taxes	4,592,532	4,407,899	-	-	4,592,532	4,407,899
Interest Earnings	156,442	104,156	15,964	11,824	172,406	115,980
Miscellaneous	106,098	79,382	-	9,838	106,098	89,220
<b>TOTAL REVENUES</b>	<b>\$ 5,619,874</b>	<b>\$ 5,511,660</b>	<b>\$ 863,617</b>	<b>\$ 941,180</b>	<b>\$ 6,483,491</b>	<b>\$ 6,452,840</b>
<i>Program Expenses:</i>						
Council	\$ 42,300	\$ 32,751	\$ -	\$ -	\$ 42,300	\$ 32,751
General Administration	1,031,768	969,746	-	-	1,031,768	969,746
Municipal Court	84,543	87,330	-	-	84,543	87,330
Public Works	487,720	504,453	-	-	487,720	504,453
Fire	1,870,964	1,732,408	-	-	1,870,964	1,732,408
Police	1,859,927	1,899,912	-	-	1,859,927	1,899,912
Development Services	83,741	102,599	-	-	83,741	102,599
Water Utility	-	-	892,218	822,572	892,218	822,572
Interest on Debt	88,355	69,153	-	-	88,355	69,153
<b>TOTAL EXPENSES</b>	<b>\$ 5,549,318</b>	<b>\$ 5,398,352</b>	<b>\$ 892,218</b>	<b>\$ 822,572</b>	<b>\$ 6,441,536</b>	<b>\$ 6,220,924</b>
Transfers	22,050	22,050	(22,050)	(22,050)	-	-
<b>Change in Net Position</b>	<b>\$ 92,606</b>	<b>\$ 135,358</b>	<b>\$ (50,651)</b>	<b>\$ 96,558</b>	<b>\$ 41,955</b>	<b>\$ 231,916</b>

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 61% of these activities through property taxes of \$3.4 million. 13% of the cost was paid by those who directly benefited from the programs.

**Table A-3**  
Net Cost of Selected City Functions

	Total Cost of			Net Cost of		
	Services		Percentage Change	Services		Percentage Change
	2019	2018		2019	2018	
Council	\$ 42,300	\$ 32,751	29.2	\$ 42,300	\$ 32,751	29.2
General Administration	1,031,768	969,746	6.4	963,949	904,434	6.6
Municipal Court	84,543	87,330	(3.2)	(83,451)	(88,468)	(5.7)
Public Works	487,720	504,453	(3.3)	487,720	504,453	(3.3)
Fire	1,870,964	1,732,408	8.0	1,746,113	1,583,070	10.3
Police	1,859,927	1,899,912	(2.1)	1,854,115	1,893,849	(2.1)
Development Services	83,741	102,599	(18.4)	(314,585)	(421,113)	(25.3)
Water Utility	892,218	822,572	8.5	44,565	69,153	(35.6)

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

- The General fund increased its fund balance by \$30 thousand.
- The Capital Replacement Fund decreased \$1.1 million primarily from the purchase of a new fire truck.
- Other nonmajor governmental funds were largely unchanged.

### Budgetary Highlights

- General Fund revenues fell short of the budget by \$87 thousand and expenditures were under budget by \$168 thousand.
- The General Fund fund balance increased \$72 thousand more than the budget anticipated.

### CAPITAL ASSETS

As of September 30, 2019, the City had invested \$19.2 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. Significant additions include a new fire truck. (See Table A-4.) More detailed information about the City's capital assets is presented in the notes to the financial statements.

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

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities				
	2019	2018	2019	2018	2019	2018	
Land	\$ 112	\$ 112	\$ 30	\$ 30	\$ 142	\$ 142	0.0
Water Rights	-	-	369	369	369	369	0.0
Buildings and Improvements	3,853	3,733	102	102	3,955	3,835	3.1
Infrastructure	2,821	2,771	7,125	7,277	9,946	10,048	(1.0)
Equipment	4,323	3,618	262	281	4,585	3,899	17.6
Construction in Progress	153	50	-	-	153	50	206.0
Totals at Historical Cost	11,262	10,284	7,888	8,059	19,150	18,343	4.4
Total Accumulated Depreciation	(5,080)	(5,347)	(3,313)	(3,357)	(8,393)	(8,704)	(3.6)
Net Capital Assets	\$ 6,182	\$ 4,937	\$ 4,575	\$ 4,702	\$ 10,757	\$ 9,639	11.6



## LONG-TERM DEBT

The City had debt as summarized in Table A-5. In 2018, refunding bonds were issued in the amount of \$1.4 million. 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
	2019	2018	2019	2018	2019	2018	
Bonds Payable	<u>\$ 1,235</u>	<u>\$ 1,359</u>	<u>\$ 2,346</u>	<u>\$ 2,455</u>	<u>\$ 3,581</u>	<u>\$ 3,814</u>	(6.1)

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

The City adopted the same property tax rate for the 2019-2020 fiscal year. However, new properties added to the tax rolls are expected to increase the tax levy \$84 thousand. 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 increase approximately 2%.

Water fund revenues are expected to increase based on an increased debt service rate. Expenses are also expected to increase for personnel and maintenance.

## 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, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,165,135	\$ 608,868	\$ 6,774,003
Investments	503,522	253,086	756,608
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	37,817	-	37,817
Other	278,455	148,275	426,730
Prepaid Expenses	2,500	600	3,100
Inventory	-	71,230	71,230
Internal Balances	(4,997)	4,997	-
Capital Assets (net)	6,181,923	4,574,876	10,756,799
<b>TOTAL ASSETS</b>	<b>13,164,355</b>	<b>5,661,932</b>	<b>18,826,287</b>
<b>DEFERRED OUTFLOWS</b>			
Deferred Loss on Debt Refundings	67,519	115,846	183,365
Deferred Pension Related Outflows	1,000,396	70,396	1,070,792
Deferred OPEB Related Outflows	6,875	440	7,315
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>1,074,790</b>	<b>186,682</b>	<b>1,261,472</b>
<b>LIABILITIES</b>			
Accounts Payable	89,612	38,769	128,381
Accrued Wages	125,181	5,704	130,885
Accrued Compensated Absences	174,811	3,245	178,056
Accrued Interest	4,408	9,528	13,936
Deposits and Unearned Revenue	-	16,000	16,000
<i>Long-term Liabilities:</i>			
Due within One Year	166,837	125,469	292,306
Due in More than One Year	1,068,604	2,220,660	3,289,264
Total OPEB Liability	104,572	5,876	110,448
Net Pension Liability	1,507,501	88,923	1,596,424
<b>TOTAL LIABILITIES</b>	<b>3,241,526</b>	<b>2,514,174</b>	<b>5,755,700</b>
<b>DEFERRED INFLOWS</b>			
Deferred Pension Related Inflows	232,011	15,043	247,054
Deferred OPEB Related Inflows	8,151	547	8,698
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>240,162</b>	<b>15,590</b>	<b>255,752</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,014,002	2,344,594	7,358,596
Restricted for:			
Debt Service	193,251	-	193,251
Police Department	601,391	-	601,391
Municipal Court	56,257	-	56,257
Street Maintenance	469,261	-	469,261
PEG Funds	106,909	-	106,909
Unrestricted	4,316,386	974,256	5,290,642
<b>TOTAL NET POSITION</b>	<b>\$ 10,757,457</b>	<b>\$ 3,318,850</b>	<b>\$ 14,076,307</b>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Functions and Programs</b>	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<i>Governmental Activities:</i>			
Council	\$ 42,300	\$ -	\$ -
General Administration	1,031,768	48,738	19,081
Municipal Court	84,543	167,994	-
Public Works	487,720	-	-
Fire	1,870,964	114,459	10,392
Police	1,859,927	3,681	2,131
Development Services	83,741	398,326	-
Interest on Long-term Debt	88,355	-	-
<i>Total Governmental Activities</i>	5,549,318	733,198	31,604
<i>Business-Type Activities:</i>			
Water Utility	892,218	847,653	-
<i>Total Business-Type Activities</i>	892,218	847,653	-
<b>Total Primary Government</b>	<b>\$ 6,441,536</b>	<b>\$ 1,580,851</b>	<b>\$ 31,604</b>
<b>General Revenues:</b>			
Taxes			
Ad Valorem Taxes			
Sales Taxes			
Other Taxes			
Interest and Investment Earnings			
Miscellaneous			
<b>Total General Revenues</b>			
Transfers			
Change in Net Position			
<b>Net Position at Beginning of Year</b>			
<b>Net Position at End of Year</b>			

See accompanying notes to basic financial statements.

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

Governmental Activities	Business-Type Activities	Total
\$ (42,300)		\$ (42,300)
(963,949)		(963,949)
83,451		83,451
(487,720)		(487,720)
(1,746,113)		(1,746,113)
(1,854,115)		(1,854,115)
314,585		314,585
(88,355)		(88,355)
(4,784,516)		(4,784,516)
	\$ (44,565)	(44,565)
	(44,565)	(44,565)
		(4,829,081)
3,409,066	-	3,409,066
686,754	-	686,754
496,712	-	496,712
156,442	15,964	172,406
106,098	-	106,098
4,855,072	15,964	4,871,036
22,050	(22,050)	-
92,606	(50,651)	41,955
10,664,851	3,369,501	14,034,352
\$ 10,757,457	\$ 3,318,850	\$ 14,076,307

CITY OF SHAVANO PARK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2019

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Capital Replacement	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,740,319	\$ 2,547,388	\$ 877,428	\$ 6,165,135
Investments	503,522	-	-	503,522
Receivables (net of allowances for uncollectibles):				
Property Taxes	35,626	-	2,190	37,816
Other Receivables	232,435	-	46,020	278,455
Prepaid Items	2,500	-	-	2,500
Due from Other Funds	253	-	605,265	605,518
<b>TOTAL ASSETS</b>	<u>\$ 3,514,655</u>	<u>\$ 2,547,388</u>	<u>\$ 1,530,903</u>	<u>\$ 7,592,946</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 52,915	\$ 34,000	\$ 2,696	\$ 89,611
Accrued Wages	125,181	-	-	125,181
Due to Other Funds	610,262	-	253	610,515
<i>Total Liabilities</i>	<u>788,358</u>	<u>34,000</u>	<u>2,949</u>	<u>825,307</u>
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	35,626	-	2,190	37,816
Unavailable EMS Revenue	11,683	-	-	11,683
<i>Total Deferred Inflows of Resources</i>	<u>47,309</u>	<u>-</u>	<u>2,190</u>	<u>49,499</u>
<i>Fund Balances:</i>				
Nonspendable:				
Prepaid Items	2,500	-	-	2,500
Restricted for:				
Debt Service	-	-	195,469	195,469
Police Department	-	-	601,391	601,391
Municipal Court	-	-	56,257	56,257
Street Maintenance	-	-	469,261	469,261
PEG Funds	-	-	106,909	106,909
Committed for:				
Oak Wilt	-	-	96,477	96,477
Replacement of Capital Assets	-	2,513,388	-	2,513,388
Unassigned	2,676,488	-	-	2,676,488
<i>Total Fund Balances</i>	<u>2,678,988</u>	<u>2,513,388</u>	<u>1,525,764</u>	<u>6,718,140</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,514,655</u>	<u>\$ 2,547,388</u>	<u>\$ 1,530,903</u>	<u>\$ 7,592,946</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, 2019

**TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** \$ 6,718,140

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. 6,181,923

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 49,499

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (174,811)

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. (1,172,330)

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	(1,507,501)	
Pension Related Deferred Outflows	1,000,396	
Pension Related Deferred Inflows	<u>(232,011)</u>	(739,116)

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	(104,572)	
OPEB Related Deferred Outflows	6,875	
OPEB Related Deferred Inflows	<u>(8,151)</u>	<u>(105,848)</u>

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 10,757,457



CITY OF SHAVANO PARK  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Capital Replacement	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 3,297,725	\$ -	\$ 177,530	\$ 3,475,255
Sales Taxes	458,638	-	228,117	686,755
Mixed Beverage Tax	20,991	-	-	20,991
Franchise Fees	459,058	-	16,663	475,721
Licenses and Permits	385,096	-	13,230	398,326
Emergency Medical Services	159,857	-	-	159,857
Fines and Penalties	160,260	-	8,161	168,421
Interest Income	82,506	58,037	15,900	156,443
Miscellaneous	99,598	-	5,649	105,247
<b>TOTAL REVENUES</b>	<u>\$ 5,123,729</u>	<u>\$ 58,037</u>	<u>\$ 465,250</u>	<u>\$ 5,647,016</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Council	\$ 42,300	\$ -	\$ -	\$ 42,300
General Administration	849,144	-	-	849,144
Municipal Court	81,233	-	-	81,233
Public Works	448,171	-	-	448,171
Fire	1,608,148	-	2,012	1,610,160
Police	1,686,140	-	32,877	1,719,017
Development Services	83,741	-	-	83,741
Capital Outlay	57,618	1,539,500	94,067	1,691,185
<i>Debt Service:</i>				
Principal	-	-	174,790	174,790
Interest and Fiscal Charges	-	-	30,968	30,968
Bond Issuance Costs	-	-	28,707	28,707
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,856,495</u>	<u>\$ 1,539,500</u>	<u>\$ 363,421</u>	<u>\$ 6,759,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>267,234</u>	<u>(1,481,463)</u>	<u>101,829</u>	<u>(1,112,400)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of City Assets	39,447	45,000	-	84,447
Issuance of Refunding Bonds	-	-	1,100,383	1,100,383
Payment to Refunding Escrow Agent	-	-	(1,070,827)	(1,070,827)
Transfers In	34,050	310,756	-	344,806
Transfers Out	(310,756)	-	(12,000)	(322,756)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(237,259)</u>	<u>355,756</u>	<u>17,556</u>	<u>136,053</u>
Net Change in Fund Balance	29,975	(1,125,707)	119,385	(976,347)
Fund Balances at Beginning of Year	<u>2,649,013</u>	<u>3,639,095</u>	<u>1,406,379</u>	<u>7,694,487</u>
Fund Balances at End of Year	<u>\$ 2,678,988</u>	<u>\$ 2,513,388</u>	<u>\$ 1,525,764</u>	<u>\$ 6,718,140</u>

See accompanying notes to basic financial statements.



CITY OF SHAVANO PARK  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2019

	Water Utility
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 608,868
Investments	253,086
Receivables (net of allowances for uncollectibles)	148,275
Prepaid Expenses	600
Due From Other Funds	4,997
Inventory	71,230
<i>Total Current Assets</i>	1,087,056
Property and Equipment (net)	4,574,876
<b>TOTAL ASSETS</b>	5,661,932
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Loss on Debt Refundings	115,846
Pension Related Deferred Outflows	70,396
Pension OPEB Deferred Outflows	440
<b>TOTAL DEFERRED OUTFLOWS</b>	186,682
 <b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts Payable	38,769
Accrued Wages	5,704
Accrued Compensated Absences	3,245
Accrued Interest	9,528
Deposits and Unearned Revenue	16,000
Current Portion of Long-Term Debt	125,469
<i>Total Current Liabilities</i>	198,715
 <i>Long-term Liabilities:</i>	
Long-term Debt (Net of Current Portion)	2,220,660
Total OPEB Liability	5,876
Net Pension Liability	88,923
<i>Total Long-term Liabilities</i>	2,315,459
<b>TOTAL LIABILITIES</b>	2,514,174
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Deferred Inflows	15,043
OPEB Deferred Inflows	547
<b>TOTAL DEFERRED OUTFLOWS</b>	15,590
 <b>NET POSITION</b>	
Net Investment In Capital Assets	2,344,594
Unrestricted	974,256
<b>TOTAL NET POSITION</b>	\$ 3,318,850

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, 2019

	Water Utility
<b>OPERATING REVENUES</b>	
Water Service	\$ 817,621
Miscellaneous Charges	30,032
<b>TOTAL OPERATING REVENUES</b>	847,653
 <b>OPERATING EXPENSES</b>	
Personnel	270,171
Materials and Supplies	16,540
Services	108,938
Water Lease	12,282
Maintenance	192,721
Depreciation	205,401
<b>TOTAL OPERATING EXPENSES</b>	806,053
 <b>OPERATING INCOME (LOSS)</b>	41,600
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	15,964
Gain on Disposal of Capital Assets	641
Bond Issuance Costs	(7,470)
Interest Expense	(79,336)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(70,201)
 <b>INCOME (LOSS) BEFORE TRANSFERS</b>	(28,601)
 <b>TRANSFERS</b>	
Transfers Out	(22,050)
 <b>CHANGE IN NET POSITION</b>	(50,651)
 <b>NET POSITION AT BEGINNING OF YEAR</b>	3,369,501
<b>NET POSITION AT END OF YEAR</b>	\$ 3,318,850

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Water Utility
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 768,436
Cash Paid to Employees for Services	(254,416)
Cash Paid to Suppliers for Goods and Services	(305,762)
<b>Net Cash Provided (Used) by Operating Activities</b>	208,258
<b>Cash Flows From Noncapital Financing Activities:</b>	
Transfers to Other Funds	(14,252)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	(14,252)
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Proceeds from the Sale of Capital Assets	641
Purchase of Capital Assets	(77,914)
Issuance of Refunding Bonds	284,617
Payment to Refunding Escrow Agent	(280,256)
Bond Issuance Costs	(7,470)
Principal Payments on Long-Term Debt	(105,073)
Interest Paid	(78,560)
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	(264,015)
<b>Cash Flows From Investing Activities:</b>	
Purchase of Investments	(1,405)
Investment Interest Received	15,964
<b>Net Cash Provided (Used) by Investing Activities</b>	14,559
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(55,450)
<b>Cash and Cash Equivalents at Beginning of Year</b>	664,318
<b>Cash and Cash Equivalents at End of Year</b>	\$ 608,868

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Water Utility</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ 41,600
Adjustments to Reconcile Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Depreciation Expense	205,401
(Increase) Decrease in Operating Assets:	
Accounts Receivable (net)	(79,717)
Inventory	12,609
(Increase) Decrease in Deferred Outflows:	
Pension Related Deferred Outflows	(35,254)
OPEB Related Deferred Outflows	79
Increase (Decrease) in Current Liabilities:	
Accounts Payable	12,110
Accrued Wages	517
Accrued Compensated Absences	1,138
Deposits and Unearned Revenue	500
Net OPEB Liability	(51)
Net Pension Liability	54,140
Increase (Decrease) in Deferred Inflows:	
Pension Related Deferred Inflows	(5,361)
OPEB Related Deferred Inflows	547
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>166,658</b>
 <b>Net Cash Provided (Used) by</b>	
<b>Operating Activities</b>	<b>\$ 208,258</b>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Pet Document and Rescue Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$          2,367</u>
<b>LIABILITIES</b>	
Due to Others	<u>\$          2,367</u>

See accompanying notes to basic financial statements.

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

**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, 2019, 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, 2019

**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, 2019

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

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

The government reports the following major governmental funds:

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

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

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

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

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

5. INVESTMENTS

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

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

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2018 and past due after January 31, 2019. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

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

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

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

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

7. PREPAID ITEMS

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

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

10. INVENTORY

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

11. CAPITAL ASSETS

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

CITY OF SHAVANO PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2019

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

11. CAPITAL ASSETS (Continued)

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

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

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

12. COMPENSATED ABSENCES

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

13. LONG-TERM OBLIGATIONS

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

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

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

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

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

14. PENSIONS AND OTHER POST EMPLOYMENT BENEFITS

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

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

15. FUND BALANCES

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

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

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

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

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

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

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

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

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

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

16. NET POSITION

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

17. OPERATING REVENUES AND EXPENSES

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

18. INTERFUND TRANSFERS

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

19. USE OF ESTIMATES

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

**NOTE B -- DEPOSITS AND INVESTMENTS**

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2019, 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, 2019

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

2. Investments

The City's investments at September 30, 2019 consisted of the following:

	Reported Amount
Certificates of Deposit	\$ 756,608
External Investment Pools:	
Texstar	2,200,236
Texpool	209,685
Total Investments	\$ 3,166,529

The certificates of deposit were covered by pledged securities from the City's depository and FDIC. The certificates are reported at amortized cost. The external investment pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2a7 of the Investment Company Act of 1940 but are not registered with the SEC as investment companies. The pools strive to maintain a consistent net asset value and qualify to be reported at amortized cost. Both pools are rated AAAM.

3. Analysis of Specific Deposit and Investment Risks

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



CITY OF SHAVANO PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2019

**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, 2018, upon which the fiscal 2019 levy was based, was \$1.238 billion (i.e., market value less exemptions). The estimated market value was \$1.293 billion, making the taxable value 96% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$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, 2019, 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 \$27.4 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, 2019 are as follows:

	General Fund	Nonmajor Funds	Governmental Totals	Water Utility
Sales and Mixed Beverage Tax	\$ 85,818	\$ 41,922	\$ 127,740	\$ -
Franchise Fees	126,254	4,098	130,352	-
EMS Charges	56,890	-	56,890	-
Utility Customers	-	-	-	148,275
Other Items	400	-	400	-
Allowance for Uncollectibles	(36,927)	-	(36,927)	-
Total Other Receivables	<u>\$ 232,435</u>	<u>\$ 46,020</u>	<u>\$ 278,455</u>	<u>\$ 148,275</u>

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE E -- INTERFUND TRANSACTIONS**

Interfund balances as of September 30, 2019 were as follows:

Due From	Due To	Amount	Purpose
Nonmajor	General	\$ 253	<i>Reimbursement</i>
General	Nonmajor	605,265	<i>Collections on behalf of other funds</i>
General	Water	4,997	<i>Collections on behalf of other funds</i>
	Totals	<u>\$ 610,515</u>	

Interfund transfers during the year ending September 30, 2019 were as follows:

Transfer From	Transfer to	Amount	Purpose
General	Capital Replacement	\$ 310,756	<i>Save for future capital projects</i>
Nonmajor	General	12,000	<i>Contributions towards expenditures</i>
Water	General	22,050	<i>In support of administrative overhead</i>
		<u>\$ 344,806</u>	

**NOTE F -- CAPITAL ASSETS**

Governmental activities capital asset activity for the year ended September 30, 2019, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2018	Additions	Disposals/ Transfers	Balance 9/30/2019
Land	\$ 111,687	\$ -	\$ -	\$ 111,687
Buildings and Improvements	3,733,422	119,631	-	3,853,053
Infrastructure	2,771,047	49,998	-	2,821,045
Vehicles and Equipment	3,617,832	1,415,654	(710,164)	4,323,322
Construction in Progress	49,869	103,445	-	153,314
	<u>10,283,857</u>	<u>1,688,728</u>	<u>(710,164)</u>	<u>11,262,421</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,311,866)	(100,419)	-	(1,412,285)
Vehicles and Equipment	(2,490,909)	(273,323)	710,164	(2,054,068)
Infrastructure	(1,544,558)	(69,587)	-	(1,614,145)
	<u>(5,347,333)</u>	<u>(443,329)</u>	<u>710,164</u>	<u>(5,080,498)</u>
Capital Assets, Net	<u>\$ 4,936,524</u>	<u>\$ 1,245,399</u>	<u>\$ -</u>	<u>\$ 6,181,923</u>

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE F -- CAPITAL ASSETS** (Continued)

Land and construction in progress are not depreciated. Depreciation for the year ending September 30, 2019 was charged to the following functions:

General Administration	\$ 145,309
Municipal Court	38
Police	67,840
Fire	201,255
Public Works	<u>28,887</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 443,329</u>

Business-type activities capital asset activity for the year ended September 30, 2019, was as follows:

<u><i>Business-Type Activities</i></u>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2019</u>
Land	\$ 30,146	\$ -	\$ -	\$ 30,146
Water Rights	368,927	-	-	368,927
Buildings and Improvements	102,176	-	-	102,176
Plant and Infrastructure	7,277,056	46,739	(198,616)	7,125,179
Vehicles and Equipment	<u>280,923</u>	<u>31,175</u>	<u>(50,232)</u>	<u>261,866</u>
	<u>8,059,228</u>	<u>77,914</u>	<u>(248,848)</u>	<u>7,888,294</u>
Less Accumulated Depreciation				
Buildings and Improvements	(7,122)	(2,554)	-	(9,676)
Plant and Infrastructure	(3,118,169)	(193,186)	198,616	(3,112,739)
Vehicles and Equipment	<u>(231,574)</u>	<u>(9,661)</u>	<u>50,232</u>	<u>(191,003)</u>
	<u>(3,356,865)</u>	<u>(205,401)</u>	<u>248,848</u>	<u>(3,313,418)</u>
Capital Assets, Net	<u>\$ 4,702,363</u>	<u>\$ (127,487)</u>	<u>\$ -</u>	<u>\$ 4,574,876</u>

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

**NOTE G -- LONG-TERM DEBT**

Changes in long term liabilities for the year ending September 30, 2019 were as follows:

<u></u>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2019</u>
Bonds	\$3,814,025	\$1,385,000	\$(1,617,455)	\$3,581,570
Net Pension Liability	735,750	1,125,888	(265,214)	1,596,424
Total OPEB Liability	111,263	9,839	(10,654)	110,448
<i>Grand Totals</i>	<u>\$4,661,038</u>	<u>\$2,520,727</u>	<u>\$(1,893,323)</u>	<u>\$5,288,442</u>

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE G -- LONG-TERM DEBT** (Continued)

Changes in bonds outstanding for the year ending September 30, 2019 were as follows:

	Balance 10/1/2018	Additions	Reductions	Balance 9/30/2019	Due Within One Year
<i>Governmental Activities</i>					
2009 General Obligation	\$ 1,358,588	\$ -	\$ (1,203,668)	\$ 154,920	\$ 154,920
2018 General Obligation	-	1,100,383	(19,862)	1,080,521	11,917
<i>Total Governmental Activities</i>	<u>\$ 1,358,588</u>	<u>\$ 1,100,383</u>	<u>\$ (1,223,530)</u>	<u>\$ 1,235,441</u>	<u>\$ 166,837</u>
<i>Business-Type Activities</i>					
Bonds Payable:					
2009 General Obligation	\$ 351,412	\$ -	\$ (311,333)	\$ 40,079	\$ 40,079
2009 Certificates	55,000	-	(55,000)	-	-
2017 General Obligation	1,885,000	-	(10,000)	1,875,000	70,000
2017 General Obligation Premium	164,025	-	(12,455)	151,570	12,307
2018 General Obligation	-	284,617	(5,137)	279,480	3,083
<i>Total Business-Type Activities</i>	<u>\$ 2,455,437</u>	<u>\$ 284,617</u>	<u>\$ (393,925)</u>	<u>\$ 2,346,129</u>	<u>\$ 125,469</u>

*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%. In 2018, the City issued bonds to refund all but the 2020 debt service outstanding on the series. The bonds were called in February 2019. The last remaining payment will be made in 2020.

*General Obligation Refunding Bonds, Series 2017*

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

*General Obligation Refunding Bonds, Series 2018*

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

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE G -- LONG-TERM DEBT** (Continued)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2019, including interest payments, are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
<u>Public Offerings</u>			
<i>Governmental Activities</i>			
2020	\$ 154,920	\$ 3,099	\$ 158,019
	<u>\$ 154,920</u>	<u>\$ 3,099</u>	<u>\$ 158,019</u>
<i>Business-Type Activities</i>			
2020	\$ 110,079	\$ 67,201	\$ 177,280
2021	70,000	65,000	135,000
2022	70,000	63,600	133,600
2023	70,000	62,200	132,200
2024	75,000	60,375	135,375
2025-2029	410,000	262,825	672,825
2030-2034	495,000	174,300	669,300
2035-2039	615,000	63,100	678,100
	<u>\$ 1,915,079</u>	<u>\$ 818,601</u>	<u>\$ 2,733,680</u>
<u>Private Placements</u>			
<i>Governmental Activities</i>			
2020	\$ 11,917	\$ 28,905	\$ 40,822
2021	170,818	26,448	197,266
2022	178,763	21,746	200,509
2023	182,735	16,884	199,619
2024	190,680	11,861	202,541
2025-2026	345,608	8,709	354,317
	<u>\$ 1,080,521</u>	<u>\$ 114,553</u>	<u>\$ 1,195,074</u>
<i>Business-Type Activities</i>			
2020	\$ 3,083	\$ 7,477	\$ 10,560
2021	44,182	6,841	51,023
2022	46,237	5,625	51,862
2023	47,265	4,367	51,632
2024	49,320	3,069	52,389
2025-2026	89,393	2,253	91,646
	<u>\$ 279,480</u>	<u>\$ 29,632</u>	<u>\$ 309,112</u>

CITY OF SHAVANO PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2019

**NOTE H -- OPERATING LEASE**

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

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**Plan Description**

The City participates as one of 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](http://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:

	2018
Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	80
Active employees	49
	158

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**Contributions**

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.62% and 13.82% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$423,371, the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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	25 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, 2019

**NOTE I -- 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 male 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%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
	<u>100.00%</u>	



CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS** (Continued)

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

**Changes in the Net Pension Liability**

The below schedule presents the changes in the Net Pension Liability as of December 31, 2018:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2017	\$ 7,765,204	\$ 7,029,454	\$ 735,750
Changes for the year:			
Service Cost	561,741	-	561,741
Interest	538,203	-	538,203
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	171,335	-	171,335
Changes of Assumptions	-	-	-
Contributions - Employer	-	413,117	(413,117)
Contributions - Employee	-	212,321	(212,321)
Net Investment Income	-	(210,552)	210,552
Benefit Payments, Including Refunds of Employee Contributions	(145,391)	(145,391)	-
Administrative Expense	-	(4,070)	4,070
Other Changes	-	(211)	211
Net Changes	<u>1,125,888</u>	<u>265,214</u>	<u>860,674</u>
Balance at December 31, 2018	<u>\$ 8,891,092</u>	<u>\$ 7,294,668</u>	<u>\$ 1,596,424</u>

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 3,230,175	\$ 1,596,424	\$ 304,741

CITY OF SHAVANO PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2019

**NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS** (Continued)

**Pension Plan Fiduciary Net Position**

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$638,379. Also as of September 30, 2019, 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	\$ 148,091	\$ -
Changes in Actuarial Assumptions	-	-
Differences Between Projected and Actual Investment Earnings	612,932	247,054
Contributions Subsequent to the Measurement Date	309,769	-
	\$ 1,070,792	\$ 247,054

Deferred outflows of resources in the amount of \$309,769 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, 2019. 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,	
2019	\$ 190,154
2020	108,068
2021	78,739
2022	137,008
	\$ 513,969

**NOTE J -- OTHER POSTEMPLOYMENT BENEFITS**

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

CITY OF SHAVANO PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2019

**NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2018, the valuation and measurement date, consisted of:

	2018
Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	11
Active employees	49
	76

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	3.71% 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
2019	0.13%	0.03%
2018	0.12%	0.02%

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The City's total OPEB liability, as of December 31, 2018, the measurement and valuation date, was as follows:

	Total OPEB Liability
Balance at December 31, 2017	\$ 111,263
Changes for the year:	
Service Cost	6,066
Interest	3,773
Expected and Actual Experience Differences	(1,251)
Changes of Assumptions	(8,796)
Benefit Payments	(607)
Net Changes	(815)
 Balance at December 31, 2018	 \$ 110,448

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 3.71% 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 2.71%	Discount Rate 3.71%	Discount Rate 4.71%
Total OPEB Liability (Asset)	\$ 134,368	\$ 110,448	\$ 92,309

For the year ended September 30, 2019, the City recognized OPEB expense of \$9,750. Also as of September 30, 2019, 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	\$ -	\$ 1,083
Changes in Actuarial Assumptions	6,867	7,615
Contributions Subsequent to the Measurement Date	448	-
	\$ 7,315	\$ 8,698

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE J -- OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Deferred outflows of resources in the amount of \$448 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, 2019. 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,		
2019	\$	(89)
2020		(89)
2021		(89)
2022		(89)
2023		(89)
Thereafter		(1,386)
	<u>\$</u>	<u>(1,831)</u>

**NOTE K -- HIGHER EDUCATION FACILITIES CORPORATION**

In October 1999, the City created City of Shavano Park, Texas, Higher Education Facilities Corporation (HEFC), a nonprofit corporation. The HEFC aides nonprofit educational institutions in providing educational facilities and housing facilities and facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith under the provisions of Chapter 53A, Texas Education Code. In accordance with the terms establishing the nonprofit corporation, the city is not liable for any expenses incurred in establishing or administering the HEFC. The HEFC is not consolidated into the financial statements of City because it does not meet the requirements of being treated as a component unit of the City under governmental accounting standards. As of September 30, 2019, the HEFC had issued two series of Bonds:

Issue	Original Principal	Amount Outstanding	Maturity
2015 Series	\$ 5,200,000	\$ 4,490,000	2035
2016 Series	2,000,000	1,581,000	2026

**NOTE L -- COMMITMENTS AND CONTINGENCIES**

Litigation

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

Commitments

The City entered into engineering agreements with a total amount of \$237 thousand. As of September 30, 2019, \$130 thousand had been incurred, leaving an estimated commitment of \$107 thousand.

CITY OF SHAVANO PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2019

**NOTE M -- DESIGNATED NET POSITION**

As of September 30, 2019, the City has designated \$534 thousand of the proprietary Water Utility Fund's \$974 thousand in unrestricted net position for capital projects.

**NOTE N -- RISK MANAGEMENT**

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



## 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, 2019

	Budget Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 3,311,152	\$ 3,343,452	\$ 3,297,725	\$ (45,727)
Sales Taxes	460,000	460,000	458,638	(1,362)
Mixed Beverage Tax	22,000	22,000	20,991	(1,009)
Franchise Fees	471,000	476,000	459,058	(16,942)
Licenses and Permits	429,075	429,075	385,096	(43,979)
Emergency Medical Services	110,000	134,600	159,857	25,257
Fines and Penalties	182,000	182,000	160,260	(21,740)
Interest Income	45,000	62,831	82,506	19,675
Miscellaneous	104,134	101,014	99,598	(1,416)
<b>TOTAL REVENUES</b>	<u>\$ 5,134,361</u>	<u>\$ 5,210,972</u>	<u>\$ 5,123,729</u>	<u>\$ (87,243)</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Council	\$ 35,050	\$ 35,650	\$ 42,300	\$ (6,650)
General Administration	811,820	826,820	849,144	(22,324)
Municipal Court	84,239	84,239	81,233	3,006
Public Works	499,572	514,572	448,171	66,401
Fire	1,657,393	1,672,424	1,608,148	64,276
Police	1,731,381	1,730,561	1,686,140	44,421
Development Services	107,500	107,500	83,741	23,759
Capital Outlay	25,000	52,500	57,618	(5,118)
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,951,955</u>	<u>\$ 5,024,266</u>	<u>\$ 4,856,495</u>	<u>\$ 167,771</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>182,406</u>	<u>186,706</u>	<u>267,234</u>	<u>80,528</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of City Assets	\$ 45,000	\$ 45,000	\$ 39,447	\$ (5,553)
Transfers In	30,450	34,050	34,050	-
Transfers Out	<u>(257,856)</u>	<u>(307,756)</u>	<u>(310,756)</u>	<u>(3,000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ (182,406)</u>	<u>\$ (228,706)</u>	<u>\$ (237,259)</u>	<u>\$ (8,553)</u>
Net Change in Fund Balance	-	(42,000)	29,975	71,975
Beginning Fund Balance	<u>2,649,013</u>	<u>2,649,013</u>	<u>2,649,013</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,649,013</u>	<u>\$ 2,607,013</u>	<u>\$ 2,678,988</u>	<u>\$ 71,975</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, 2019

**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 FIVE PLAN (CALENDAR) YEARS

	Total Pension Liability				
	2014	2015	2016	2017	2018
Service Cost	\$ 370,994	\$ 415,475	\$ 473,885	\$ 512,241	\$ 561,741
Interest (on the Total Pension Liability)	342,494	383,127	417,517	476,720	538,203
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	(19,418)	(35,818)	93,916	39,443	171,335
Change of Assumptions	-	59,151	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(109,427)	(162,266)	(115,623)	(139,198)	(145,391)
Net Change in Total Pension Liability	584,643	659,669	869,695	889,206	1,125,888
Total Pension Liability - Beginning	4,761,991	5,346,634	6,006,303	6,875,998	7,765,204
Total Pension Liability - Ending	<u>\$ 5,346,634</u>	<u>\$ 6,006,303</u>	<u>\$ 6,875,998</u>	<u>\$ 7,765,204</u>	<u>\$ 8,891,092</u>
	Plan Fiduciary Net Position				
	2014	2015	2016	2017	2018
Contributions - Employer	\$ 260,007	\$ 307,649	\$ 349,004	\$ 382,496	\$ 413,117
Contributions - Employee	153,047	158,233	179,502	196,584	212,321
Net Investment Income	240,054	6,990	340,526	802,552	(210,552)
Benefit Payments, Including Refunds of Employee Contributions	(109,427)	(162,266)	(115,623)	(139,198)	(145,391)
Administrative Expense	(2,505)	(4,256)	(3,848)	(4,160)	(4,070)
Other	(205)	(212)	(206)	(212)	(211)
Net Change in Net Position	540,971	306,138	749,355	1,238,062	265,214
Plan Fiduciary Net Position - Beginning	4,194,928	4,735,899	5,042,037	5,791,392	7,029,454
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>	<u>\$ 7,294,668</u>
Net Pension Liability (Asset) - Ending	\$ 610,735	\$ 964,266	\$ 1,084,606	\$ 735,750	\$ 1,596,424
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.58%	83.95%	84.23%	90.53%	82.04%
Covered Payroll	\$ 2,183,711	\$ 2,260,472	\$ 2,564,315	\$ 2,808,336	\$ 3,033,161
Net Pension Liability as a Percentage of Covered Payroll	27.97%	42.66%	42.30%	26.20%	52.63%

*Information is being accumulated prospectively until ten years is available.*

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

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

Notes to Schedule of Contributions

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 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.

**Changes in Benefits**

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 TWO PLAN (CALENDAR) YEARS

Total OPEB Liability	2017	2018
Service Cost	\$ 5,055	\$ 6,066
Interest	3,629	3,773
Changes of Benefit Terms	-	-
Difference between Expected and Actual Experience	-	(1,251)
Change of Assumptions	9,387	(8,796)
Benefit Payments	(562)	(607)
Net Change in Total OPEB Liability	17,509	(815)
Total OPEB Liability - Beginning	93,754	111,263
Total OPEB Liability - Ending	\$ 111,263	\$ 110,448
Covered Payroll	\$ 2,808,336	\$ 3,033,161
Total OPEB Liability as a Percentage of Covered Payroll	3.96%	3.64%

*Notes to Schedule of Changes in Liability*

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

Changes in Benefit Terms:      None

Changes in Assumptions:      None

*Information is being accumulated prospectively until ten years is available.*

## SUPPLEMENTARY INFORMATION

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

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

CITY OF SHAVANO PARK  
 COMBINING BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2019

	Special Revenue Funds			
	Debt Service Fund	Crime Control District	PEG Fund	Oak Wilt Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 195,443	\$ 579,174	\$ 102,811	\$ -
Property Taxes Receivable (net)	2,190	-	-	-
Other Receivables	-	20,468	4,098	-
Due From Other Funds	26	-	-	96,477
	<b>TOTAL ASSETS</b>	<b>\$ 599,642</b>	<b>\$ 106,909</b>	<b>\$ 96,477</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ -	\$ 620	\$ -	\$ -
Due to Other Funds	-	253	-	-
<i>Total Liabilities</i>	-	873	-	-
<i>Deferred Inflows of Resources:</i>				
Unavailable Property Tax Revenue	2,190	-	-	-
<i>Total Deferred Inflows</i>	2,190	-	-	-
<i>Fund Balances:</i>				
Restricted For:				
Debt Service	195,469	-	-	-
Police	-	598,769	-	-
Municipal Court	-	-	-	-
Street Maintenance	-	-	-	-
PEG	-	-	106,909	-
Committed For:				
Oak Wilt	-	-	-	96,477
<i>Total Fund Balances</i>	195,469	598,769	106,909	96,477
	<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b>\$ 599,642</b>	<b>\$ 106,909</b>	<b>\$ 96,477</b>

Special Revenue Funds

<u>Street Maintenance</u>	<u>Court Tech and Security</u>	<u>Child Safety Fund</u>	<u>Police Forfeiture</u>	<u>LEOSE Training</u>	<u>Total Nonmajor Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,428
-	-	-	-	-	2,190
21,454	-	-	-	-	46,020
<u>447,807</u>	<u>56,257</u>	<u>4,595</u>	<u>-</u>	<u>103</u>	<u>605,265</u>
<u>\$ 469,261</u>	<u>\$ 56,257</u>	<u>\$ 4,595</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ 1,530,903</u>
\$ -	\$ -	\$ 2,076	\$ -	\$ -	\$ 2,696
-	-	-	-	-	253
<u>-</u>	<u>-</u>	<u>2,076</u>	<u>-</u>	<u>-</u>	<u>2,949</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,190</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,190</u>
-	-	-	-	-	195,469
-	-	2,519	-	103	601,391
-	56,257	-	-	-	56,257
469,261	-	-	-	-	469,261
-	-	-	-	-	106,909
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,477</u>
<u>469,261</u>	<u>56,257</u>	<u>2,519</u>	<u>-</u>	<u>103</u>	<u>1,525,764</u>
<u>\$ 469,261</u>	<u>\$ 56,257</u>	<u>\$ 4,595</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ 1,530,903</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, 2019

	Debt Service Fund	Special Revenue Funds		
		Crime Control District	PEG Fund	Oak Wilt Fund
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 177,530	\$ -	\$ -	\$ -
Sales Tax	-	113,458	-	-
Franchise Fees	-	-	16,663	-
Licenses and Permits	-	-	-	13,230
Fines and Forfeitures	-	-	-	-
Interest Income	4,701	9,573	1,626	-
Miscellaneous Income	-	-	-	-
<b>TOTAL REVENUES</b>	<u>\$ 182,231</u>	<u>\$ 123,031</u>	<u>\$ 18,289</u>	<u>\$ 13,230</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
Fire	\$ -	\$ -	\$ -	\$ -
Police	-	27,657	-	-
Capital Outlay	-	43,048	1,021	-
<i>Debt Service:</i>				
Principal	174,790	-	-	-
Interest and Fiscal Charges	30,968	-	-	-
Bond Issue Costs	28,707	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 234,465</u>	<u>\$ 70,705</u>	<u>\$ 1,021</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(52,234)</u>	<u>52,326</u>	<u>17,268</u>	<u>13,230</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of Refunding Bonds	\$ 1,100,383	\$ -	\$ -	\$ -
Payment to Refunding Escrow Agent	(1,070,827)	-	-	-
Transfer Out	-	(3,600)	-	-
<b>TOTAL OTHER</b>	<u>\$ 29,556</u>	<u>\$ (3,600)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	(22,678)	48,726	17,268	13,230
Fund Balances at Beginning of Year	<u>218,147</u>	<u>550,043</u>	<u>89,641</u>	<u>83,247</u>
Fund Balances at End of Year	<u>\$ 195,469</u>	<u>\$ 598,769</u>	<u>\$ 106,909</u>	<u>\$ 96,477</u>

Special Revenue Funds

Street Maintenance	Court Tech and Security	Child Safety Fund	Police Forfeiture	LEOSE Training	Total Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,530
114,659	-	-	-	-	228,117
-	-	-	-	-	16,663
-	-	-	-	-	13,230
-	7,733	-	428	-	8,161
-	-	-	-	-	15,900
-	-	3,996	-	1,653	5,649
<u>\$ 114,659</u>	<u>\$ 7,733</u>	<u>\$ 3,996</u>	<u>\$ 428</u>	<u>\$ 1,653</u>	<u>\$ 465,250</u>
\$ -	\$ -	\$ 2,012	\$ -	\$ -	\$ 2,012
-	-	3,242	428	1,550	32,877
49,998	-	-	-	-	94,067
-	-	-	-	-	174,790
-	-	-	-	-	30,968
-	-	-	-	-	28,707
<u>\$ 49,998</u>	<u>\$ -</u>	<u>\$ 5,254</u>	<u>\$ 428</u>	<u>\$ 1,550</u>	<u>\$ 363,421</u>
<u>64,661</u>	<u>7,733</u>	<u>(1,258)</u>	<u>-</u>	<u>103</u>	<u>101,829</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100,383
-	-	-	-	-	(1,070,827)
-	(8,400)	-	-	-	(12,000)
<u>\$ -</u>	<u>\$ (8,400)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,556</u>
64,661	(667)	(1,258)	-	103	119,385
<u>404,600</u>	<u>56,924</u>	<u>3,777</u>	<u>-</u>	<u>-</u>	<u>1,406,379</u>
<u>\$ 469,261</u>	<u>\$ 56,257</u>	<u>\$ 2,519</u>	<u>\$ -</u>	<u>\$ 103</u>	<u>\$ 1,525,764</u>

CITY OF SHAVANO PARK  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,740,319	\$ 2,751,966
Investments	503,522	752,617
Receivables (net of allowances for uncollectibles):		
Property Taxes	35,626	96,134
Other Receivables	232,435	254,734
Prepaid Items	2,500	500
Due from Other Funds	253	-
 <b>TOTAL ASSETS</b>	 <b>\$ 3,514,655</b>	 <b>\$ 3,855,951</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 52,915	\$ 350,435
Accrued Expenditures	125,181	128,977
Due to Other Funds	610,262	574,311
<i>Total Liabilities</i>	788,358	1,053,723
 <i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	35,626	96,134
Unavailable EMS Revenue	11,683	57,081
<i>Total Deferred Inflows of Resources</i>	47,309	153,215
 <i>Fund Balances:</i>		
Nonspendable:		
Prepaid Items	2,500	500
Unassigned	2,676,488	2,648,513
<i>Total Fund Balance</i>	2,678,988	2,649,013
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 <b>\$ 3,514,655</b>	 <b>\$ 3,855,951</b>

CITY OF SHAVANO PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES  
 GENERAL FUND  
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 3,297,725	\$ 3,049,746
Sales Taxes	458,638	413,230
Mixed Beverage Tax	20,991	20,647
Franchise Fees	459,058	474,837
Licenses and Permits	385,096	510,797
Emergency Medical Services	159,857	119,207
Fines and Penalties	160,260	167,715
Interest Income	82,506	54,643
Miscellaneous	99,598	135,501
<b>TOTAL REVENUES</b>	<b>\$ 5,123,729</b>	<b>\$ 4,946,323</b>
<b>EXPENDITURES</b>		
<i>Current:</i>		
Council	\$ 42,300	\$ 32,751
General Administration	849,144	817,060
Municipal Court	81,233	83,869
Public Works	448,171	467,560
Fire	1,608,148	1,573,899
Police	1,686,140	1,715,218
Development Services	83,741	102,599
Capital Outlay	57,618	466,452
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,856,495</b>	<b>\$ 5,259,408</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	267,234	(313,085)
<b>OTHER FINANCING SOURCES (USES)</b>		
Sales of City Assets	\$ 39,447	\$ 39,464
Transfers In	34,050	480,150
Transfers Out	(310,756)	(629,635)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (237,259)</b>	<b>\$ (110,021)</b>
Net Change in Fund Balance	29,975	(423,106)
<b>BEGINNING FUND BALANCE</b>	2,649,013	3,072,119
<b>ENDING FUND BALANCE</b>	<b>\$ 2,678,988</b>	<b>\$ 2,649,013</b>

CITY OF SHAVANO PARK  
COMPARATIVE STATEMENTS OF NET POSITION  
WATER UTILITY  
SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 608,868	\$ 664,318
Investments	253,086	251,681
Customer Receivables	148,275	68,558
Inventory and Prepaid Expenses	71,830	84,439
Due from Other Funds	4,997	12,795
<i>Total Current Assets</i>	1,087,056	1,081,791
Property and Equipment (net)	4,574,876	4,702,363
<b>TOTAL ASSETS</b>	5,661,932	5,784,154
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Loss on Debt Refundings	115,846	126,172
Pension Related Deferred Outflows	70,396	35,142
OPEB Related Deferred Outflows	440	519
<b>TOTAL DEFERRED OUTFLOWS</b>	186,682	161,833
 <b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts Payable	38,769	26,659
Accrued Wages	5,704	5,187
Accrued Compensated Absences	3,245	2,107
Accrued Interest	9,528	10,482
Deposits and Unearned Revenue	16,000	15,500
Current Portion of Long-Term Debt	125,469	117,527
<i>Total Current Liabilities</i>	198,715	177,462
 <i>Long-term Liabilities:</i>		
Long-term Debt (Net of Current Portion)	2,220,660	2,337,910
Total OPEB Liability	5,876	5,927
Net Pension Liability	88,923	34,783
<i>Total Long-term Liabilities</i>	2,315,459	2,378,620
<b>TOTAL LIABILITIES</b>	2,514,174	2,556,082
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Deferred Inflows	15,043	20,404
OPEB Related Deferred Inflows	547	-
<b>TOTAL DEFERRED INFLOWS</b>	15,590	20,404
 <b>NET POSITION</b>		
Net Investment In Capital Assets	2,344,594	2,373,098
Unrestricted	974,256	996,403
<b>TOTAL NET POSITION</b>	\$ 3,318,850	\$ 3,369,501

CITY OF SHAVANO PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET  
 POSITION  
 WATER UTILITY  
 SEPTEMBER 30, 2019 AND 2018

	2019	2018
<b>OPERATING REVENUES</b>		
Charges for Utility Service	\$ 817,621	\$ 869,190
Miscellaneous Charges	30,032	50,328
<b>TOTAL OPERATING REVENUES</b>	847,653	919,518
<b>OPERATING EXPENSES</b>		
Personnel	270,171	247,502
Materials and Supplies	16,540	16,113
Services	108,938	96,179
Water Lease	12,282	12,282
Maintenance	192,721	180,759
Depreciation	205,401	190,805
<b>TOTAL OPERATING EXPENSES</b>	806,053	743,640
<b>OPERATING INCOME (LOSS)</b>	41,600	175,878
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	15,964	11,824
Insurance Recoveries	-	9,838
Loss on Disposal of Capital Assets	641	4,705
Bond Issue Costs	(7,470)	-
Interest Expense	(79,336)	(83,637)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(70,201)	(57,270)
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(28,601)	118,608
<b>TRANSFERS</b>		
Transfers Out	(22,050)	(22,050)
<b>TOTAL TRANSFERS</b>	(22,050)	(22,050)
<b>CHANGE IN NET POSITION</b>	(50,651)	96,558
<b>NET POSITION AT BEGINNING OF YEAR</b>	3,369,501	3,272,943
<b>NET POSITION AT END OF YEAR</b>	\$ 3,318,850	\$ 3,369,501

