

CITY OF HILL COUNTRY VILLAGE, TEXAS

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2013

ANNUAL FINANCIAL REPORT
of the
CITY OF HILL COUNTRY VILLAGE, TEXAS
YEAR ENDED SEPTEMBER 30, 2013

OFFICIALS:

MAYOR

GABRIEL DURAND-HOLLIS

CITY COUNCIL MEMBERS

MAYOR PRO TEMPORE/PLACE 1

CARL REGISTER

PLACE 2

JANE CRONK

PLACE 3

ELIZABETH WORLEY

PLACE 4

GEORGE F. EVANS

PLACE 5

JAMES ALLEN

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Hill Country Village, Texas

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of and for the year ended September 30, 2013, and related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hill Country Village, Texas, as of September 30, 2013 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 3f and pages 21 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

ABIP, P.C.

Certified Public Accountants

San Antonio, Texas

January 16, 2014

CITY OF HILL COUNTRY VILLAGE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2013

This section of the City of Hill Country Village, Texas, (City) annual audit is a discussion and analysis of the City's financial activities for the fiscal year ending September 30, 2013. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the accompanying basic financial statements.

This discussion and analysis is designed to:

- assist the reader in focusing on significant financial issues,
- provide an overview of the City's financial activity,
- identify changes in the City's financial position (its ability to address the next and subsequent year challenges),
- identify any material deviations from the financial plan (approved budget), and
- identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

- The City's assets exceed its liabilities by \$3,507,964 (net position) for the fiscal year reported. This compares to the previous year when assets exceed liabilities by \$3,392,925.
 1. Net Investment in Capital Assets of \$759,854 are capital assets net of related debt and include all property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase or construction of these assets.
 2. Net position of \$38,324 is restricted by constraints imposed by internal and external sources such as grantors, laws, and regulations.
 3. Unrestricted net position of \$2,709,786 represents the portion available to maintain the City's ongoing obligations to citizens and creditors.
- The City's governmental funds reported combined ending fund balances of \$2,699,100, an increase of \$51,136 over the September 30, 2012 fund balance of \$2,647,964.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,297,382 or 93% of the total general fund expenditures.
- The City's total debt decreased by \$110,000 or 10.28% due to this year's payments. No debt was issued during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts:

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

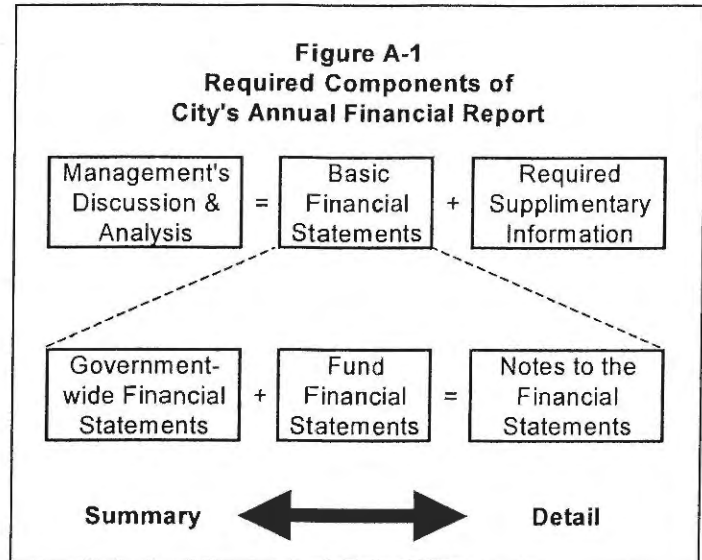
The basic financial statements, as represented by figure A-1 on the following page, include two types of statements that present different views of the City, government-wide financial statements and fund financial statements.

Government-Wide Financial Statements

These statements provide both long-term and short-term information about the City's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

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

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



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

Fund Financial Statements

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

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

Notes to the Financial Statements

The accompanying notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules for the general fund, debt service fund and the road maintenance fund as required supplementary information. These schedules demonstrate compliance with the City's adopted and final amended budgets, and can be found on pages 21 through 25 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined net position at fiscal year-end is \$3,631,218. This is a \$65,649 increase over last year's net position of \$3,565,569. The following table provides a summary of the City's net position at September 30:

Table 1 – Summary of Net Position

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012		
ASSETS								
Current and Other Assets	\$ 2,893,209	\$ 2,819,375	\$ 123,254	\$ 172,644	\$ 3,016,463	\$ 2,992,019	\$ 24,444	0.82%
Capital Assets	1,719,854	1,770,336	-	-	1,719,854	1,770,336	(50,482)	(2.85)
TOTAL ASSETS	\$ 4,613,063	\$ 4,589,711	\$ 123,254	\$ 172,644	\$ 4,736,317	\$ 4,762,355	\$ (26,038)	(0.55)
LIABILITIES								
Current Liabilities	\$ 215,725	\$ 192,976	\$ -	\$ -	\$ 215,725	\$ 192,976	\$ 22,749	11.79
Noncurrent Liabilities	889,375	1,003,810	-	-	889,375	1,003,810	(114,436)	(11.40)
TOTAL LIABILITIES	\$ 1,105,099	\$ 1,196,786	\$ -	\$ -	\$ 1,105,099	\$ 1,196,786	\$ (91,687)	(7.66)
NET POSITION								
Net Investment in Capital Assets	\$ 759,854	\$ 700,336	\$ -	\$ -	\$ 759,854	\$ 700,336	\$ 59,518	8.50
Restricted	38,324	21,698	-	-	38,324	21,698	16,626	76.62
Unassigned	2,709,786	2,670,891	123,254	172,644	2,833,040	2,843,535	(10,495)	(0.37)
TOTAL NET POSITION	\$ 3,507,964	\$ 3,392,925	\$ 123,254	\$ 172,644	\$ 3,631,218	\$ 3,565,569	\$ 65,649	1.84%

At the end of the current fiscal year, the City of Hill Country Village is able to report positive balances in net position for the government activities and for its component unit (Hill Country Village Economic Development Corporation) activities. The City's overall financial position improved during FY 2012-2013.

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

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

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

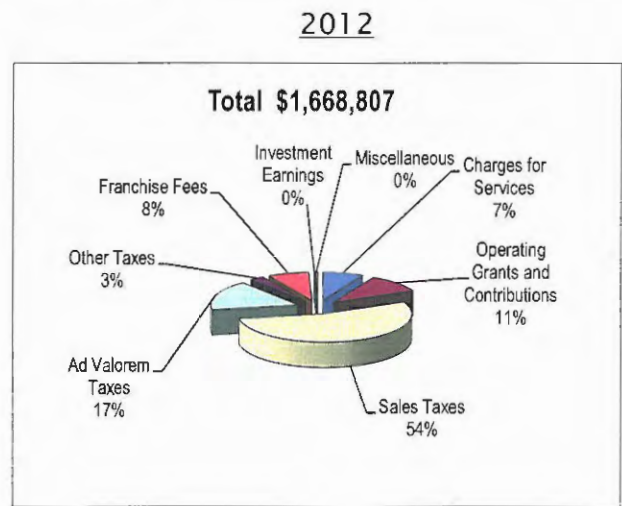
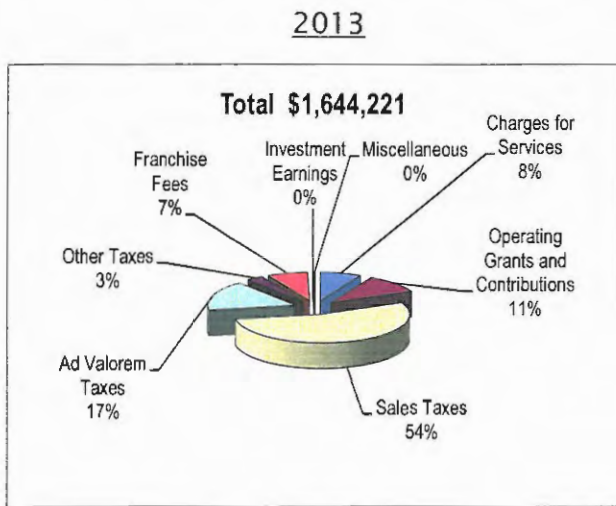
The City had a decrease in governmental revenues of \$26,948, or 1.50% while expenses increased a total of \$11,107, or 0.66%. The following provides a summary of the City's changes in net position for the year ended September 30:

Table 2 - Summary of Changes In Net Position

	GOVERNMENTAL ACTIVITIES		COMPONENT UNIT (EDC)		TOTAL		AMOUNT CHANGE	% CHANGE
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012		
REVENUES								
Program Revenues								
Charges for Services	\$ 124,551	\$ 125,051	\$ -	\$ -	\$ 124,551	\$ 125,051	\$ (500)	(0.40)
Operating Grants and Contributions	176,975	177,766	-	-	176,975	177,766	(791)	(0.44)
Taxes								
Sales	884,456	900,481	126,351	128,640	1,010,807	1,029,121	(18,314)	(1.78)
Ad Valorem	278,494	283,401	-	-	278,494	283,401	(4,907)	(1.73)
Venue Tax	36,822	32,291	-	-	36,822	32,291	4,531	14.03
Liquor Tax	13,015	12,214	-	-	13,015	12,214	801	6.56
Franchise Fees	123,436	127,841	-	-	123,436	127,841	(4,405)	(3.45)
Investment Earnings	3,292	4,331	72	145	3,364	4,476	(1,112)	(24.84)
Miscellaneous	3,180	5,431	-	-	3,180	5,431	(2,251)	(41.45)
Total Revenues	<u>1,644,221</u>	<u>1,668,807</u>	<u>126,423</u>	<u>128,785</u>	<u>1,770,644</u>	<u>1,797,592</u>	<u>(26,948)</u>	<u>(1.50)</u>
EXPENSES								
General Government	321,839	327,910	-	-	321,839	327,910	(6,071)	(1.85)
Fire Department Services	265,000	255,000	-	-	265,000	255,000	10,000	3.92
Public Works	103,299	106,408	-	-	103,299	106,408	(3,109)	(2.92)
Police Department	785,455	768,423	-	-	785,455	768,423	17,032	2.22
Interest and Other Fees	53,589	59,502	-	-	53,589	59,502	(5,913)	(9.94)
Component Unit	-	-	175,813	176,645	175,813	176,645	(832)	(0.47)
Total Expenses	<u>1,529,182</u>	<u>1,517,243</u>	<u>175,813</u>	<u>176,645</u>	<u>1,704,995</u>	<u>1,693,888</u>	<u>11,107</u>	<u>0.66</u>
Change in Net Position	115,039	151,564	(49,390)	(47,860)	65,649	103,704	(38,055)	(36.70)
BEGINNING NET POSITION	<u>3,392,925</u>	<u>3,241,361</u>	<u>172,644</u>	<u>220,504</u>	<u>3,565,569</u>	<u>3,461,865</u>	<u>103,704</u>	<u>3.00</u>
ENDING NET POSITION	<u>\$3,507,964</u>	<u>\$3,392,925</u>	<u>\$123,254</u>	<u>\$172,644</u>	<u>\$3,631,218</u>	<u>\$3,565,569</u>	<u>\$65,649</u>	<u>1.84%</u>

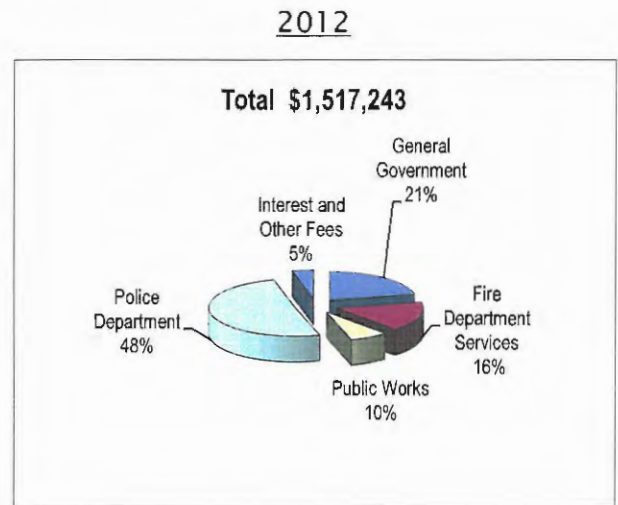
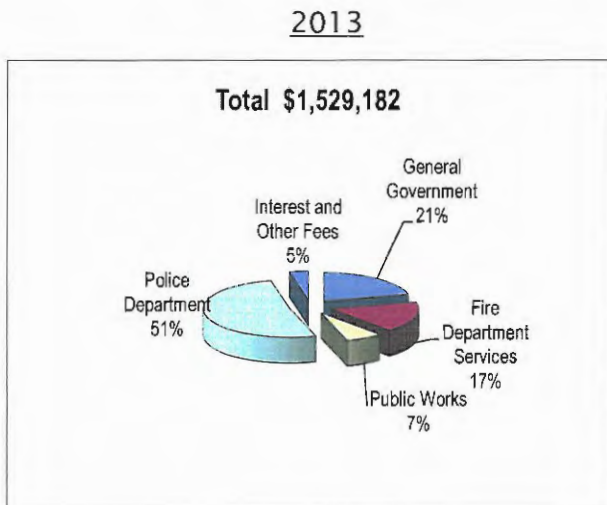
Graphic presentations of selected data from the summary table above follow to assist in the analysis of the City's activities for fiscal years 2013 and 2012.

Governmental Revenues



As shown in the summary data on the previous page, the City is heavily reliant on various taxes and franchise fees to support governmental operations. Taxes accounted for 74% of the City's total governmental revenues in fiscal years 2013 and 2012. The majority of franchise fees are received from CPS Energy, Time Warner Cable, and AT&T.

Governmental Functional Expenses



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

FUND FINANCIAL ANALYSIS

For the fiscal year ended September 30, 2013, the City's governmental funds reported combined fund balances of \$2,699,100. Of this year-end total approximately \$1,297,382 is unassigned, indicating availability for continuing city service requirements. Restricted fund balance is \$38,324 and is restricted for a special revenue funds such as court security and court technology and for the use of Public Education Grant receipts. Committed fund balances include: \$1,244,051 for the replacement of capital assets and \$119,334 committed to the replacement of vehicles.

The total ending fund balance of governmental funds shows an increase of \$51,136 over last year's combined fund balance of \$2,647,964. This increase is primarily the result of the events and programs described within the analysis of the City's governmental activities.

Major Governmental Funds

The general fund is the City's primary operating fund. This fund is primarily funded through sales tax and ad valorem (property) tax. Other notable revenue sources include user fees (permit fees, court fees, sewer use fees, and franchise fees) and interest income. The general fund supports police, fire, ambulance, municipal court, finance, administrative support for the City Council and its boards and commissions, as well as building and health inspections.

The debt service fund accounts for payments for principal and interest and other fees supporting payment of the City's one bond. Revenues for this fund come from a transfer from the Economic Development Corporation which is funded by sales tax.

The road maintenance fund is funded solely by sales taxes which are then used to repair and reconstruct existing roads within the City's limits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Hill Country Village's investment in capital assets for its governmental type activities as of September 30, 2013, totaled \$1,719,854, net of accumulated depreciation. Investments in capital assets include land, buildings and system improvements, machinery and equipment, streets improvements, and storm water infrastructure.

Table 3—Capital Assets, Net of Accumulated Depreciation

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2012-2013	2011-2012		
Land	\$ 829,875	\$ 829,875	\$ -	0.00%
Construction in Progress	78,764	-	78,764	100.00
Streets	616,220	696,062	(79,842)	(12.96)
Signs	14,987	16,748	(1,761)	(11.75)
Improvements Other than Buildings	-	-	-	0.00
Buildings	66,166	71,680	(5,514)	(8.33)
Automobiles	97,199	132,579	(35,380)	(36.40)
Machinery and Equipment	16,643	23,392	(6,749)	(40.55)
TOTALS	\$1,719,854	\$1,770,336	\$ (50,482)	(2.94)%

During the fiscal 2012-2013 the City's capital asset carrying value decreased a net amount of \$50,482. This amount includes depreciation expense \$127,827, the costs of police equipment \$1,031, engineering fees for the 2013 drainage project of \$78,764, as well as the disposal of various assets in the amount of \$2,450, net of accumulated depreciation. See Note 4 for more information.

Long-Term Debt

The City of Hill Country Village issues bonds to fund needed capital improvement projects such as road construction and rehabilitation projects. These projects are budgeted in the capital projects fund. The budgeted amounts in the debt service fund reflect the actual principal and interest payments on all outstanding debt. The outstanding principal and interest payments are scheduled to be paid out between 2014 and 2020. See Note 6 for more information.

Table 4—Long-Term Debt Outstanding

	FISCAL YEAR		AMOUNT CHANGE	% CHANGE
	2012-2013	2011-2012		
General Obligation Bonds - Principal	\$ 960,000	\$1,070,000	\$(110,000)	(10.28)%
General Obligation Bonds - Interest	<u>190,147</u>	<u>245,235</u>	<u>(55,088)</u>	(22.46)
TOTALS	<u>\$1,150,147</u>	<u>\$1,315,235</u>	<u>\$(165,088)</u>	(12.55)%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

	GOVERNMENTAL ACTIVITIES	COMPONENT UNIT	TOTAL REPORTING ENTITY
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash and Cash Equivalents	\$ 2,720,597	\$ 114,162	\$2,834,759
Receivables			
Taxes, Net	2,723	-	2,723
Accounts and Other	169,889	9,092	178,981
Total Current Assets	2,893,209	123,254	3,016,463
 <u>NONCURRENT ASSETS</u>			
Capital Assets			
Land	829,875	-	829,875
Construction in Progress	78,764	-	78,764
Streets	1,596,847	-	1,596,847
Signs	35,224	-	35,224
Improvements Other than Buildings	32,617	-	32,617
Buildings	220,553	-	220,553
Furniture and Fixtures	3,449	-	3,449
Automobiles	215,635	-	215,635
Software	35,449	-	35,449
Machinery and Equipment	68,226	-	68,226
Accumulated Depreciation	(1,396,785)	-	(1,396,785)
Total Noncurrent Assets	1,719,854	-	1,719,854
 TOTAL ASSETS	 \$ 4,613,063	 \$ 123,254	 \$4,736,317
 <u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	\$ 49,453	\$ -	\$ 49,453
Accrued Salaries and Benefits	23,457	-	23,457
Compensated Absences	14,792	-	14,792
Current Portion of Long-Term Debt	115,000	-	115,000
Accrued Interest Payable	13,023	-	13,023
Total Current Liabilities	215,725	-	215,725
 <u>NONCURRENT LIABILITIES</u>			
Compensated Absences	44,375	-	44,375
Long-Term Debt	845,000	-	845,000
Total Noncurrent Liabilities	889,375	-	889,375
 Total Liabilities	 1,105,099	 -	 1,105,099
 <u>NET POSITION</u>			
Net Investment in Capital Assets	759,854	-	759,854
Restricted for:			
Public Education Grants	11,555	-	11,555
Special Revenue	26,769	-	26,769
Unassigned	2,709,786	123,254	2,833,040
Total Net Position	3,507,964	123,254	3,631,218
 TOTAL LIABILITIES AND NET POSITION	 \$ 4,613,063	 \$ 123,254	 \$4,736,317

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION PRIMARY GOVERNMENT	COMPONENT UNIT- EDC
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS		
<u>Primary Government</u>						
General Government	\$ 321,839	\$ 124,551	\$ 176,975	\$ -	\$ (20,313)	
Fire Department Services	265,000	-	-	-	(265,000)	
Public Works	103,299	-	-	-	(103,299)	
Police Department	785,455	-	-	-	(785,455)	
Interest and Other Fees	53,589	-	-	-	(53,589)	
Total Primary Government	<u>\$ 1,529,182</u>	<u>\$ 124,551</u>	<u>\$ 176,975</u>	<u>\$ -</u>	<u>(1,227,656)</u>	
<u>Component Unit</u>	<u>\$ 175,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$(175,813)</u>
<u>General Revenues</u>						
Taxes						
Sales						
					884,456	126,351
Ad Valorem						
					278,494	-
Venue Tax						
					36,822	-
Liquor Tax						
					13,015	-
Franchise Fees						
					123,436	-
Investment Earnings						
					3,292	72
Miscellaneous						
					3,180	-
Total General Revenues						
					<u>1,342,695</u>	<u>126,423</u>
Change in Net Position						
					115,039	(49,390)
<u>NET POSITION - BEGINNING</u>						
					<u>3,392,925</u>	<u>172,644</u>
<u>NET POSITION - ENDING</u>						
					<u>\$ 3,507,964</u>	<u>\$ 123,254</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>MAJOR FUNDS</u>			<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ROAD MAINTENANCE</u>		
<u>ASSETS</u>					
Cash and Cash Equivalents	\$1,339,527	\$ 9	\$1,208,001	\$ 173,060	\$ 2,720,597
Receivables					
Taxes, Net	2,722	-	-	-	2,722
Accounts and Other	169,889	-	-	-	169,889
Due from Other Funds	-	-	9,093	-	9,093
	<u>1,512,138</u>	<u>9</u>	<u>1,217,094</u>	<u>173,060</u>	<u>2,902,301</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 49,453	\$ -	\$ -	\$ -	\$ 49,453
Accrued Salaries and Benefits	23,457	-	-	-	23,457
Compensated Absences	59,166	-	-	-	59,166
Deferred Revenue	62,032	-	-	-	62,032
Due to Other Funds	9,093	-	-	-	9,093
Total Liabilities	<u>203,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>203,201</u>
<u>FUND BALANCES</u>					
Restricted for:					
Public Education Grants	11,555	-	-	-	11,555
Special Revenue	-	-	-	26,769	26,769
Committed for:					
Capital Projects	-	-	1,217,094	26,957	1,244,051
Vehicle Replacement	-	-	-	119,334	119,334
Unassigned:					
General Fund	1,297,382	-	-	-	1,297,382
Debt Service	-	9	-	-	9
Total Fund Balances	<u>1,308,937</u>	<u>9</u>	<u>1,217,094</u>	<u>173,060</u>	<u>2,699,100</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>					
	<u>\$1,512,138</u>	<u>\$ 9</u>	<u>\$1,217,094</u>	<u>\$ 173,060</u>	<u>\$ 2,902,301</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$2,699,100
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>		1,719,854
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		62,032
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:</p>		
Bonds Payable	\$ (960,000)	
Accrued Interest Payable	<u>(13,022)</u>	<u>(973,022)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$3,507,964</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	<u>MAJOR FUNDS</u>			<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>ROAD MAINTENANCE</u>		
<u>REVENUE</u>					
Taxes					
Sales Taxes	\$ 758,105	\$ -	\$ 126,351	\$ -	\$ 884,456
Ad Valorem Taxes	278,151	-	-	-	278,151
Venue Tax	-	-	-	36,822	36,822
Liquor Tax	13,015	-	-	-	13,015
Franchise Fees	123,436	-	-	-	123,436
Municipal Court Revenues	29,809	-	-	2,157	31,966
Sewer Service Revenues	54,039	-	-	-	54,039
Licenses and Permits	36,003	-	-	-	36,003
Grants and Contributions	10,000	165,813	-	1,162	176,975
Interest	1,779	1	1,338	174	3,292
Other	<u>3,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,180</u>
Total Revenue	<u>1,307,517</u>	<u>165,814</u>	<u>127,689</u>	<u>40,315</u>	<u>1,641,335</u>
<u>EXPENDITURES</u>					
Current					
General and Administrative	262,994	725	-	2,808	266,527
Fire Department Services	235,000	-	-	30,000	265,000
Public Works	63,868	-	-	-	63,868
Police Department	747,646	-	-	2,275	749,921
Capital Outlay	79,342	-	-	453	79,795
Debt Service					
Principal	-	110,000	-	-	110,000
Interest	<u>-</u>	<u>55,088</u>	<u>-</u>	<u>-</u>	<u>55,088</u>
Total Expenditures	<u>1,388,850</u>	<u>165,813</u>	<u>-</u>	<u>35,536</u>	<u>1,590,199</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(81,333)</u>	<u>1</u>	<u>127,689</u>	<u>4,779</u>	<u>51,136</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	31,800	31,800
Transfers Out	<u>(31,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,800)</u>
Total Other Financing Sources (Uses)	<u>(31,800)</u>	<u>-</u>	<u>-</u>	<u>31,800</u>	<u>-</u>
Net Change in Fund Balances	(113,133)	1	127,689	36,579	51,136
<u>FUND BALANCES - BEGINNING</u>	<u>1,422,070</u>	<u>8</u>	<u>1,089,405</u>	<u>136,481</u>	<u>2,647,964</u>
FUND BALANCES - ENDING	<u>\$1,308,937</u>	<u>\$ 9</u>	<u>\$1,217,094</u>	<u>\$ 173,060</u>	<u>\$ 2,699,100</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
RECONCILIATION OF CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 51,136

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

Governmental funds report capital outlays as expenditures (\$79,795).

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$127,827) as well as the disposals of assets with remaining costs of (\$2,450). This is the amount by which depreciation expense exceeded capital outlays in the current period. (50,482)

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds. 2,885

Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities. (accrued interest) 1,500

Bond proceeds provide current financial resources to governmental funds. Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. 110,000

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 115,039

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

Property and sales taxes, utility franchises, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The road maintenance fund accounts for proceeds from the City's sales tax and is to be used for reconstruction and repair of existing roads within the City's limits.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this are charges between the City's general government function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and deposits in local government investment pools.

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the City is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016. The fair value of the City's position in each pool is the same as the fair value of the pool shares.

E. Receivables and Payables

Activities between the funds that are representative of interfund loans outstanding at the end of the fiscal year are referred to as due to/from other funds.

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end.

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables and Payables (Continued)

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

F. Capital Assets

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

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

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

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

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

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

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

G. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. Vacation and compensatory time are accrued when incurred in the government-wide and reported in governmental funds.

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as a liability.

I. Fund Balance

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

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

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

NOTE 2: DEPOSITS AND INVESTMENTS

As of September 30, 2013, the City had the following investments:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY (YEARS)</u>
TexPool Investment Pool	\$ 425,970	-
Texas CLASS Investment Pool	<u>1,616,655</u>	-
TOTAL	<u>\$2,042,625</u>	-
Portfolio Weighted Average Maturity	-	

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

During the year, the City's carrying amount of bank balance was \$792,134 and the bank balance was \$791,581.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that investments are matched with anticipated cash flows. The policy also states that the City will generally not directly invest in securities with maturities more than one year from the date of purchase, although the City Administrator may elect to invest no more than 50% of excess funds in investments with maturities from 1 to 3 years.

NOTE 3: RECEIVABLES

The following is a summary of the gross taxes receivable and the allowances for uncollectible taxes:

	<u>TAXES</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE TAXES</u>	<u>NET TAXES</u>
Taxes			
General Fund	<u>\$3,210</u>	<u>\$ 488</u>	<u>\$ 2,722</u>

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

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE 3: RECEIVABLES (CONTINUED)

	GENERAL
Sales Taxes	\$ 76,566
Franchise Fees	30,621
Municipal Court Warrants	118,621
Other	3,391
Gross Receivables	229,199
Less: Allowance	(59,310)
 NET TOTAL RECEIVABLES	 \$ 169,889

NOTE 4: CAPITAL ASSETS

	BEGINNING BALANCE	INCREASE	DECREASE	ENDING BALANCE
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated				
Land	\$ 829,875	\$ -	\$ -	\$ 829,875
Construction in Progress - Drainage	-	78,764	-	78,764
Total Capital Assets, not being Depreciated	829,875	78,764	-	908,639
Capital Assets, being Depreciated				
Streets	1,596,847	-	-	1,596,847
Signs	35,224	-	-	35,224
Improvements Other than Buildings	32,617	-	-	32,617
Buildings	220,553	-	-	220,553
Furniture and Fixtures	6,613	-	3,164	3,449
Automobiles	220,391	1,031	5,787	215,635
Software	35,449	-	-	35,449
Machinery and Equipment	92,726	-	24,500	68,226
Total Capital Assets, being Depreciated	2,240,420	1,031	33,451	2,208,000
Less: Accumulated Depreciation for				
Streets	900,785	79,842	-	980,627
Signs	18,476	1,761	-	20,237
Improvements Other than Buildings	32,617	-	-	32,617
Buildings	148,873	5,514	-	154,387
Furniture and Fixtures	6,613	-	3,164	3,449
Automobiles	87,812	36,411	5,787	118,436
Software	35,449	-	-	35,449
Machinery and Equipment	69,334	4,299	22,050	51,583
Total Accumulated Depreciation	1,299,959	127,827	31,001	1,396,785
Total Capital Assets, being Depreciated - Net	940,461	(126,796)	2,450	811,215
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 \$1,770,336	 \$(48,032)	 \$ 2,450	 \$1,719,854

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities	
General and Administrative	\$ 52,762
Public Works	39,431
Police Department	<u>35,634</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 127,827</u>

NOTE 5: INTERFUND BALANCES AND TRANSFERS

In the fund financial statements, interfund balances are the result of normal transactions and will be liquidated in the subsequent fiscal year.

The composition of interfund balances as of September 30, 2013, is as follows:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
Road Maintenance	General Fund	<u>\$9,093</u>

Interfund transfers consisted of the general fund transferring \$31,800 into the vehicle replacement fund.

NOTE 6: LONG-TERM DEBT

The City had the following changes in long-term debt outstanding for the year ended September 30, 2013:

	<u>ORIGINAL AMOUNT</u>	<u>INTEREST RATES</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2012</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2013</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
Governmental Activities							
General Obligation Bonds							
2000 Series	<u>\$2,000,000</u>	5-7%	<u>\$1,070,000</u>	<u>\$ -</u>	<u>\$110,000</u>	<u>\$ 960,000</u>	<u>\$115,000</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE 6: LONG-TERM DEBT (CONTINUED)

Annual debt service requirements as of September 30, 2013, are as follows:

FISCAL YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2014	\$ 115,000	\$ 48,899	\$ 163,899
2015	120,000	42,347	162,347
2016	130,000	35,315	165,315
2017	135,000	27,825	162,825
2018	145,000	19,882	164,882
2019-2020	<u>315,000</u>	<u>15,879</u>	<u>330,879</u>
	<u>\$ 960,000</u>	<u>\$ 190,147</u>	<u>\$ 1,150,147</u>

Bonded debt of the City consists of one (1) series of general obligation bonds. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the City. The bonds stated to mature on and after January 1, 2011, are subject to redemption, at the option of the City, in whole or in part, on January 1, 2010, or any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

NOTE 7: RETIREMENT PLAN

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 5%, and the City matching percent is currently 2 to 1.

CITY OF HILL COUNTRY VILLAGE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013

NOTE 7: RETIREMENT PLAN (CONTINUED)

Contributions

Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary using the projected unit credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

For 2013, the City's annual pension cost of \$18,662 was equal to the City's required and actual contributions. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases varies by age and service, (c) 3.0% inflation component, and (d) 0.0% cost of living adjustments. The actuarial value of TMRS assets was determined based on 10-year Smoothed Market.

Schedule of Actuarial Liabilities and Funding Progress

<u>ACTUARIAL VALUATION DATE</u>	<u>DECEMBER 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarial Valuation of Assets	\$1,284,356	\$1,176,169	\$1,062,600
Actuarial Accrued Liability	1,311,012	1,193,458	1,059,532
Percentage Funded	98.0%	98.6%	100.3%
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	26,656	17,289	(3,068)
Annual Covered Payroll	682,438	655,511	625,748
UAAL as a Percentage of Covered Payroll	3.9%	2.6%	(0.49)%
Net Pension Obligation (NPO) at the Beginning of Period	-	-	-
Net Pension Cost:			
Annual Required Contribution (ARC)	18,662	20,593	30,548
Interest on NPO	-	-	-
Adjustment to the ARC	-	-	-
Contribution Made	18,662	20,593	30,548
Increase in Net Pension Obligation	-	-	-
 NET PENSION OBLIGATION AT THE END OF THE PERIOD	 \$ -	 \$ -	 \$ -

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City contracts with the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program providing insurance coverage in the following areas: general liability, automobile liability and physical damage, worker's compensation, real and personal property, and errors and omissions liability. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the pool will be self-sustaining through member premiums and will be adjusted annually through an experience modifier.

There were no reductions in insurance coverage from the prior year. Settled claims have not exceeded coverage for each of the past three (3) years.

The pooling agreement requires the pool to be self-sustaining. It is not possible to estimate the amount of any losses for which the City might be liable. The Texas Municipal League Intergovernmental Risk Pool has published its own financial report for the year ended September 30, 2013, which can be obtained from the Texas Municipal League.

NOTE 9: CHANGE IN ACCOUNTING POLICY

During fiscal year 2013 the City adopted the provisions of GASB #63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The statement requires governments to account for deferred outflows of resources, deferred inflows of resources and net position as they relate to derivatives and service concession arrangements. Under the provisions of this statement, governments will also present a Statement of Net Position and changes the caption "Net Assets" to "Net Position". The City has no deferred outflows or inflows of resources, but the statement titles and captions have been changed in conformity with the statement.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HILL COUNTRY VILLAGE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Sales Tax	\$ 782,400	\$ 782,400	\$ 758,105	\$ (24,295)
Ad Valorem Tax	280,355	280,355	278,151	(2,204)
Liquor Tax	11,000	11,000	13,015	2,015
Interest Income	2,200	2,200	1,779	(421)
Franchise Fees	134,097	134,097	123,436	(10,661)
Municipal Court Revenue	32,000	32,000	29,809	(2,191)
Sewer Use Fees	55,000	55,000	54,039	(961)
Permits	30,000	30,000	36,003	6,003
Miscellaneous Income	3,280	3,280	3,180	(100)
Contribution - Economic Development Corporation	10,000	10,000	10,000	-
Total Revenue	<u>1,340,332</u>	<u>1,340,332</u>	<u>1,307,517</u>	<u>(32,815)</u>
<u>EXPENDITURES</u>				
General and Administrative				
Personnel Services	141,580	141,580	144,956	(3,376)
Travel, Training, and Professional Dues	650	650	326	324
Operational Costs	115,316	115,316	110,987	4,329
Supplies and Materials	3,850	3,850	4,112	(262)
Capital Outlay	-	78,000	78,764	(764)
Total General and Administrative	<u>261,396</u>	<u>339,396</u>	<u>339,145</u>	<u>251</u>
Fire Department Services	<u>235,000</u>	<u>235,000</u>	<u>235,000</u>	<u>-</u>
Police				
Personnel Services	645,460	645,460	636,456	9,004
Travel, Training, and Professional Dues	6,825	6,825	4,647	2,178
Operational Costs	24,121	24,121	22,797	1,324
Supplies and Materials	71,950	71,950	67,332	4,618
Capital Outlay	-	-	578	(578)
Total Police	<u>748,356</u>	<u>748,356</u>	<u>731,810</u>	<u>16,546</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
Public Works				
Personnel Services	\$ 44,678	\$ 44,678	\$ 45,554	\$ (876)
Operational Costs	9,750	9,750	9,745	5
Supplies and Materials	<u>9,217</u>	<u>9,217</u>	<u>7,886</u>	<u>1,331</u>
Total Public Works	<u>63,645</u>	<u>63,645</u>	<u>63,185</u>	<u>460</u>
Total Expenditures	<u>1,308,397</u>	<u>1,386,397</u>	<u>1,369,140</u>	<u>17,257</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	31,935	(46,065)	(61,623)	(15,558)
<u>OTHER FINANCING SOURCE (USES)</u>				
Merit Pool	(20,000)	(20,000)	(19,710)	290
Transfer to Vehicle Replacement Fund	<u>(31,800)</u>	<u>(31,800)</u>	<u>(31,800)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (19,865)</u>	<u>\$ (97,865)</u>	(113,133)	<u>\$ (15,268)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>1,422,070</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$1,308,937</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 1	\$ 1	\$ 1	\$ -
Contribution from Economic Development Corporation	<u>165,813</u>	<u>165,813</u>	<u>165,813</u>	<u>-</u>
Total Revenue	<u>165,814</u>	<u>165,814</u>	<u>165,814</u>	<u>-</u>
<u>EXPENDITURES</u>				
Debt Service Fees	725	725	725	-
Interest Expense	55,088	55,088	55,088	-
Principal Payment	<u>110,000</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Total Expenditures	<u>165,813</u>	<u>165,813</u>	<u>165,813</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	1	<u>\$ -</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>8</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 9</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
 ROAD MAINTENANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Taxes	\$ 130,000	\$ 130,000	\$ 126,351	\$ (3,649)
Interest Income	<u>1,400</u>	<u>1,400</u>	<u>1,338</u>	<u>(62)</u>
Total Revenue	<u>\$ 131,400</u>	<u>\$ 131,400</u>	127,689	<u>\$ (3,711)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>1,089,405</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$1,217,094</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2013

NOTE 1: BUDGETARY INFORMATION

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

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Non-major governmental funds (special revenue funds and capital projects fund) are used to account for the proceeds of specific revenue sources that are legally restricted to expend for specified purposes and to provide funds for capital asset purchases, respectively.

Security Fund - Accounts for specific proceeds from municipal court revenue and is to be used for security upgrades benefiting the City's court system.

Technology Fund - Accounts for specific proceeds from municipal court revenue and is to be used for technological upgrades benefiting the City's court system.

Venue Tax Fund - Accounts for proceeds from the City's venue (motor vehicle rental) tax and is to be used for assisting the general fund in purchasing fire department services from a neighboring city.

Grant Fund - Accounts for the proceeds from various grant programs the City has applied for to be used strictly for purposes outlined in the grants.

Judicial Efficiency Fund - Accounts for specific proceeds from municipal court revenue and is to be used for upgrades benefiting the City's court system.

Vehicle Replacement Fund - Accounts for proceeds from investment interest along with transfers from the general fund to be used to replace certain capital assets such as vehicles and computers.

Capital Projects Fund - Accounts for proceeds from investment interest along with transfers from the general fund to be used for the acquisition and construction of major capital facilities.

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2013

	<u>SPECIAL REVENUE FUNDS</u>					<u>CAPITAL PROJECT FUNDS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>SECURITY FUND</u>	<u>TECHNOLOGY FUND</u>	<u>VENUE TAX FUND</u>	<u>GRANT FUND</u>	<u>JUDICIAL EFFICIENCY FUND</u>	<u>VEHICLE REPLACEMENT FUND</u>	<u>CAPITAL PROJECTS FUND</u>	
<u>ASSETS</u>								
Cash and Cash Equivalents	\$ 1,497	\$ 1,835	\$ 19,296	\$ 4,100	\$ 41	\$ 119,334	\$ 26,957	\$ 173,060
<u>FUND BALANCES</u>								
Restricted for:								
Court Security	\$ 1,497	-	-	-	-	-	-	\$ 1,497
Court Technology	-	1,835	-	-	-	-	-	1,835
Venue	-	-	19,296	-	-	-	-	19,296
Grants	-	-	-	4,100	-	-	-	4,100
Judicial Efficiency	-	-	-	-	41	-	-	41
Committed for:								
Vehicle Replacement	-	-	-	-	-	119,334	-	119,334
Capital Projects	-	-	-	-	-	-	26,957	26,957
 TOTAL FUND BALANCES	 \$ 1,497	 \$ 1,835	 \$ 19,296	 \$ 4,100	 \$ 41	 \$ 119,334	 \$ 26,957	 \$ 173,060

CITY OF HILL COUNTRY VILLAGE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2013

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	SECURITY FUND	TECHNOLOGY FUND	VENUE TAX FUND	GRANT FUND	JUDICIAL EFFICIENCY FUND	VEHICLE REPLACEMENT FUND		CAPITAL PROJECTS FUND
<u>REVENUE</u>								
Taxes	\$ -	\$ -	\$ 36,822	\$ -	\$ -	\$ -	\$ -	\$ 36,822
Municipal Court Revenue	905	1,207	-	-	45	-	-	2,157
Grants	-	-	-	1,162	-	-	-	1,162
Interest	2	1	4	6	-	131	30	174
Sale of Asset	-	-	-	-	-	-	-	-
Total Revenue	<u>907</u>	<u>1,208</u>	<u>36,826</u>	<u>1,168</u>	<u>45</u>	<u>131</u>	<u>30</u>	<u>40,315</u>
<u>EXPENDITURES</u>								
Fire Department Services	-	-	30,000	-	-	-	-	30,000
Supplies and Materials	-	-	-	2,808	-	-	-	2,808
Police Department	837	1,340	-	-	98	-	-	2,275
Capital Outlay	-	-	-	-	-	453	-	453
Total Expenditures	<u>837</u>	<u>1,340</u>	<u>30,000</u>	<u>2,808</u>	<u>98</u>	<u>453</u>	<u>-</u>	<u>35,536</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	70	(132)	6,826	(1,640)	(53)	(322)	30	4,779
<u>OTHER FINANCING SOURCES</u>								
Transfers In	-	-	-	-	-	31,800	-	31,800
Net Change in Fund Balances	70	(132)	6,826	(1,640)	(53)	31,478	30	36,579
FUND BALANCES - BEGINNING	<u>1,427</u>	<u>1,967</u>	<u>12,470</u>	<u>5,740</u>	<u>94</u>	<u>87,856</u>	<u>26,927</u>	<u>136,481</u>
FUND BALANCES - ENDING	<u>\$ 1,497</u>	<u>\$ 1,835</u>	<u>\$ 19,296</u>	<u>\$ 4,100</u>	<u>\$ 41</u>	<u>\$ 119,334</u>	<u>\$ 26,957</u>	<u>\$ 173,060</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
SECURITY SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Municipal Court Revenue	\$ 1,600	\$ 1,600	\$ 905	\$ (695)
Interest Income	<u>5</u>	<u>5</u>	<u>2</u>	<u>(3)</u>
Total Revenue	<u>1,605</u>	<u>1,605</u>	<u>907</u>	<u>(698)</u>
<u>EXPENDITURES</u>				
Travel and Training	-	-	-	-
Operational Costs	<u>785</u>	<u>785</u>	<u>837</u>	<u>(52)</u>
Total Expenditures	<u>785</u>	<u>785</u>	<u>837</u>	<u>(52)</u>
Net Change in Fund Balance	<u>\$ 820</u>	<u>\$ 820</u>	70	<u>\$ (750)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>1,427</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 1,497</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
TECHNOLOGY SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Municipal Court Revenue	\$ 2,100	\$ 2,100	\$ 1,207	\$ (893)
Interest Income	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Total Revenue	<u>2,101</u>	<u>2,101</u>	<u>1,208</u>	<u>(893)</u>
<u>EXPENDITURES</u>				
Operational Costs	<u>1,341</u>	<u>1,341</u>	<u>1,340</u>	<u>1</u>
Net Change in Fund Balance	<u>\$ 760</u>	<u>\$ 760</u>	(132)	<u>\$ (892)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>1,967</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 1,835</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
VENUE TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Motor Vehicle Rental - Venue Tax	\$ 36,480	\$ 36,480	\$ 36,822	\$ 342
Interest Income	<u>50</u>	<u>50</u>	<u>4</u>	<u>(46)</u>
Total Revenue	<u>36,530</u>	<u>36,530</u>	<u>36,826</u>	<u>296</u>
<u>EXPENDITURES</u>				
Fire Department Services	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 6,530</u>	<u>\$ 6,530</u>	6,826	<u>\$ 296</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>12,470</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 19,296</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Grant Income	\$ 1,200	\$ 1,200	\$ 1,162	\$ (38)
Interest Income	<u>10</u>	<u>10</u>	<u>6</u>	<u>(4)</u>
Total Revenue	<u>1,210</u>	<u>1,210</u>	<u>1,168</u>	<u>(42)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	-	-	-	-
Supplies and Materials	1,200	1,200	2,808	(1,608)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,200</u>	<u>1,200</u>	<u>2,808</u>	<u>(1,608)</u>
Net Change in Fund Balance	<u>\$ 10</u>	<u>\$ 10</u>	(1,640)	<u>\$ (1,650)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>5,740</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 4,100</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
JUDICIAL EFFICIENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Municipal Court Revenue	\$ 56	\$ 56	\$ 45	\$ (11)
Total Revenue	<u>56</u>	<u>56</u>	<u>45</u>	<u>(11)</u>
<u>EXPENDITURES</u>				
Travel, Training and Professional Dues	-	-	98	(98)
Net Change in Fund Balance	<u>\$ 56</u>	<u>\$ 56</u>	(53)	<u>\$ (109)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>94</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 41</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
VEHICLE REPLACEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 325	\$ 325	\$ 131	\$ (194)
Other Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>325</u>	<u>325</u>	<u>131</u>	<u>(194)</u>
<u>EXPENDITURES</u>				
Capital Outlay	87,000	87,000	453	86,547
Operational Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>87,000</u>	<u>87,000</u>	<u>453</u>	<u>86,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,675)	(86,675)	(322)	86,353
<u>OTHER SOURCES</u>				
Transfer In	<u>31,800</u>	<u>31,800</u>	<u>31,800</u>	<u>-</u>
Net Change in Fund Balance	<u>\$(54,875)</u>	<u>\$(54,875)</u>	31,478	<u>\$ 86,353</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>87,856</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 119,334</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 50	\$ 50	\$ 30	\$ (20)
<u>EXPENDITURES</u>				
Capital Outlay	-	-	-	-
Net Change in Fund Balance	<u>\$ 50</u>	<u>\$ 50</u>	30	<u>\$ (20)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>26,927</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 26,957</u>	

CITY OF HILL COUNTRY VILLAGE, TEXAS
 ECONOMIC DEVELOPMENT CORPORATION
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 YEAR ENDED SEPTEMBER 30, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Sales Tax	\$ 130,000	\$ 130,000	\$ 126,351	\$ (3,649)
Interest Income	<u>160</u>	<u>160</u>	<u>72</u>	<u>(88)</u>
Total Revenue	<u>130,160</u>	<u>130,160</u>	<u>126,423</u>	<u>(3,737)</u>
<u>EXPENDITURES</u>				
Operational Costs	70	70	-	70
Contribution to General Fund	10,000	10,000	10,000	-
Contribution to Debt Service Fund	<u>165,813</u>	<u>165,813</u>	<u>165,813</u>	<u>-</u>
Total Expenditures	<u>175,883</u>	<u>175,883</u>	<u>175,813</u>	<u>70</u>
Net Change in Fund Balance	<u>\$ (45,723)</u>	<u>\$ (45,723)</u>	(49,390)	<u>\$ (3,667)</u>
<u>FUND BALANCE AT OCTOBER 1, 2012</u>			<u>172,644</u>	
FUND BALANCE AT SEPTEMBER 30, 2013			<u>\$ 123,254</u>	

ADDITIONAL INFORMATION

(All Governmental Funds Combined with EDC)

CITY OF HILL COUNTRY VILLAGE, TEXAS
BALANCE SHEET - ALL FUNDS
SEPTEMBER 30, 2013
(WITH COMPARATIVE TOTALS FOR 2012)

	<u>2013</u> <u>ACTUAL</u>	<u>2012</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>ASSETS</u>			
Cash	\$2,834,759	\$2,803,874	\$ 30,885
Receivables			
Taxes	2,722	1,027	1,695
Accounts and Other	<u>178,981</u>	<u>187,118</u>	<u>(8,137)</u>
 TOTAL ASSETS	 <u>\$3,016,462</u>	 <u>\$2,992,019</u>	 <u>\$ 24,443</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 49,453	\$ 34,215	\$ 15,238
Accrued Salaries	23,457	19,637	3,820
Compensated Absences	59,166	58,413	753
Deferred Revenue	<u>62,032</u>	<u>59,146</u>	<u>2,886</u>
Total Liabilities	<u>194,108</u>	<u>171,411</u>	<u>22,697</u>
<u>FUND BALANCES</u>			
Restricted	38,324	21,698	16,626
Committed for Capital	1,363,385	1,204,188	159,197
Unassigned	<u>1,420,645</u>	<u>1,594,722</u>	<u>(174,077)</u>
Total Fund Balances	<u>2,822,354</u>	<u>2,820,608</u>	<u>1,746</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$3,016,462</u>	 <u>\$2,992,019</u>	 <u>\$ 24,443</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
ALL FUNDS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PRIOR YEAR AND CURRENT YEAR
YEAR ENDED SEPTEMBER 30, 2013

	<u>2013</u> <u>ACTUAL</u>	<u>2012</u> <u>ACTUAL</u>	<u>INCREASE</u> <u>(DECREASE)</u>
<u>REVENUE</u>			
Taxes	\$1,338,795	\$1,355,675	\$ (16,880)
Franchise Fees	123,436	127,841	(4,405)
Interest Income	3,364	4,476	(1,112)
Municipal Court	31,966	39,304	(7,338)
Other	<u>270,197</u>	<u>327,484</u>	<u>(57,287)</u>
Total Revenue	<u>1,767,758</u>	<u>1,854,780</u>	<u>(87,022)</u>
<u>EXPENDITURES</u>			
Personnel Services	846,676	826,563	20,113
Travel, Training and Professional Dues	5,071	8,482	(3,411)
Operational Costs	322,244	332,149	(9,905)
Supplies and Materials	82,138	87,501	(5,363)
Capital Expenditures and Projects	79,795	127,922	(48,127)
Fire Department Services	265,000	255,000	10,000
Bad Debt Expense	-	3,970	(3,970)
Debt Service			
Principal	110,000	105,000	5,000
Interest	<u>55,088</u>	<u>60,920</u>	<u>(5,832)</u>
Total Expenditures	<u>1,766,012</u>	<u>1,807,507</u>	<u>(41,495)</u>
Net Change in Fund Balances	1,746	47,273	(45,527)
<u>BEGINNING FUND BALANCES</u>	<u>2,820,608</u>	<u>2,773,335</u>	<u>47,273</u>
ENDING FUND BALANCES	<u>\$2,822,354</u>	<u>\$2,820,608</u>	<u>\$ 1,746</u>

CITY OF HILL COUNTRY VILLAGE, TEXAS
ALL FUNDS
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET TO ACTUAL
YEAR ENDED SEPTEMBER 30, 2013

	<u>ACTUAL</u>	<u>BUDGET</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<u>REVENUE</u>			
Taxes	\$1,338,795	\$1,370,235	\$ (31,440)
Franchise Fees	123,436	134,097	(10,661)
Interest Income	3,364	4,202	(838)
Municipal Court	31,966	35,756	(3,790)
Other	<u>270,197</u>	<u>265,293</u>	<u>4,904</u>
Total Revenue	<u>1,767,758</u>	<u>1,809,583</u>	<u>(41,825)</u>
<u>EXPENDITURES</u>			
Personnel Services	846,676	831,718	(14,958)
Travel, Training and Professional Dues	5,071	7,475	2,404
Operational Costs	322,244	327,921	5,677
Supplies and Materials	82,138	86,217	4,079
Capital Expenditures and Projects	79,795	165,000	85,205
Fire Department Services	265,000	265,000	-
Merit Pool	-	20,000	20,000
Debt Service			
Principal	110,000	110,000	-
Interest	<u>55,088</u>	<u>55,088</u>	<u>-</u>
Total Expenditures	<u>1,766,012</u>	<u>1,868,419</u>	<u>102,407</u>
Net Change in Fund Balance	1,746	(58,836)	<u>\$ 60,582</u>
<u>BEGINNING FUND BALANCE</u>	<u>2,820,608</u>	<u>2,820,608</u>	
ENDING FUND BALANCE	<u>\$2,822,354</u>	<u>\$2,761,772</u>	