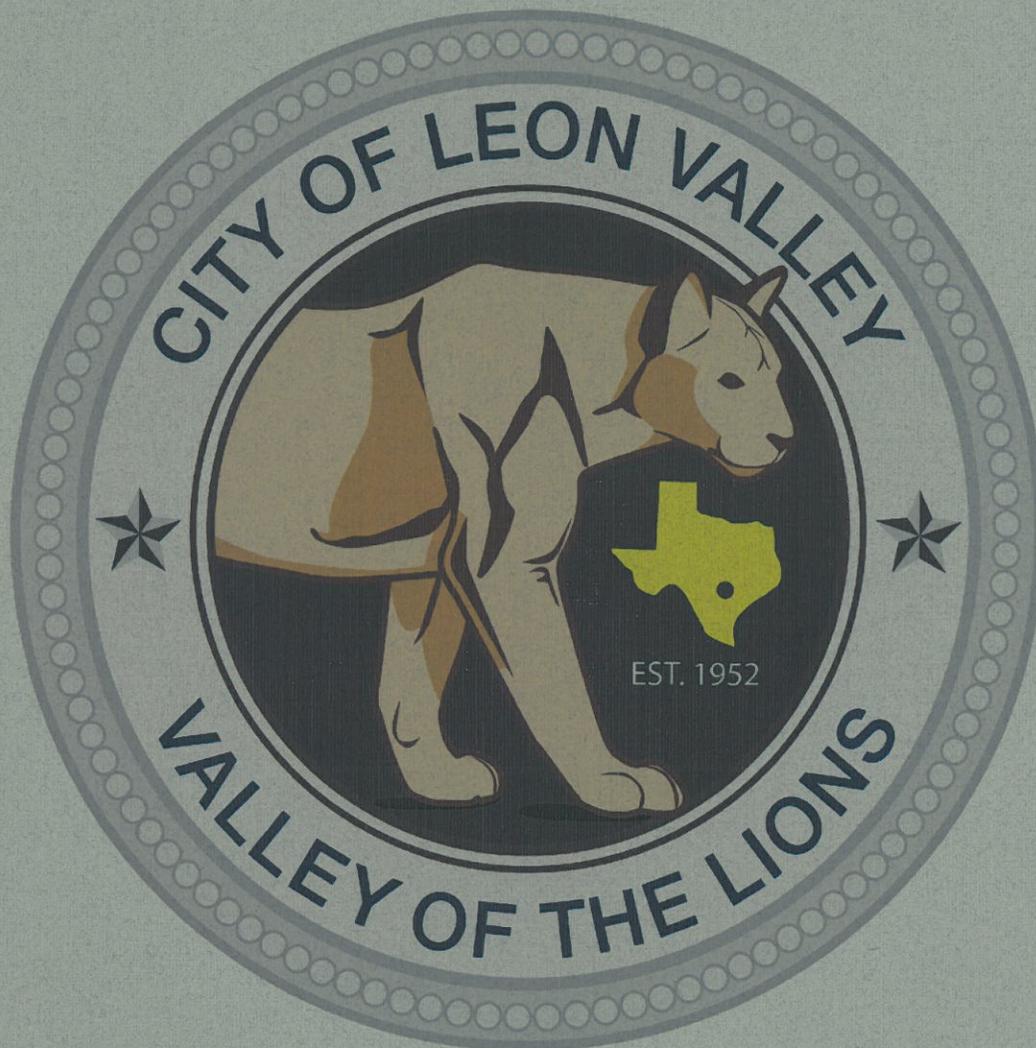


CITY OF LEON VALLEY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OCTOBER 1, 2014 - SEPTEMBER 30, 2015

CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2015

PREPARED BY FINANCE DEPARTMENT

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C O N T E N T S

PAGE NUMBER

INTRODUCTORY SECTION

Transmittal Letter	i
GFOA Certificate of Achievement	v
Principal Officers	vii
Organization Chart	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Balance Sheet – Governmental Funds	20
Reconciliation of Balance Sheet – Governmental Funds to Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	23
Statement of Net Position – Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	25
Statement of Cash Flows	26
Balance Sheet – Component Unit	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Component Unit	28
Notes to Basic Financial Statements	31
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	56

C O N T E N T S

	<u>TABLE</u>	<u>PAGE NUMBER</u>
FINANCIAL SECTION (CONTINUED)		
Required Supplementary Information (Continued)		
Schedule of Changes in Net Pension Liability and Related Ratios – Last 10 Years		59
Schedule of Contributions – Last 10 Fiscal Years		60
Notes to the Required Supplementary Information		61
Other Supplementary Information		
Combining Balance Sheet Nonmajor Governmental Funds		64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds		66
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Community Center Fund		68
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Grants Fund		69
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Child Safety Fund		70
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – State Police Forfeiture Fund		71
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Federal Police Forfeiture Fund		72
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Building Security Fund		73
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Court Technology Fund		74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – CIED Fund		75
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Street Maintenance Tax Fund		76
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund		77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund		78

C O N T E N T S

	<u>TABLE</u>	<u>PAGE NUMBER</u>
STATISTICAL SECTION		
Net Position by Component – Last Ten Fiscal Years	1	82
Change in Net Position – Last Ten Fiscal Years	2	84
Fund Balances – Governmental Funds – Last Ten Fiscal Years	3	86
Changes in Fund Balances – Governmental Funds – Last Ten Fiscal Years	4	88
Tax Revenues by Source – Governmental Funds – Last Ten Fiscal Years	5	90
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years	6	91
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	7	92
Principal Property Taxpayers – Current and Nine Years Ago	8	93
Property Tax Levies and Collections – Last Ten Fiscal Years	9	94
Water Sold by Type of Customer – Last Ten Fiscal Years	10	96
Water and Sewer Rates – Last Ten Fiscal Years	11	98
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	12	99
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years	13	100
Direct and Overlapping Governmental Activities Debt Last Ten Fiscal Years	14	101
Legal Debt Margin Information – Last Ten Fiscal Years	15	102
Demographic and Economic Statistics – Last Ten Fiscal Years	16	104
Principal Employers – Current Year and Nine Years Ago	17	105
Full-Time Equivalent City Employees by Function – Last Ten Fiscal Years	18	107
Operating Indicators by Function – Last Ten Fiscal Years	19	108
Capital Asset Statistics by Function – Last Ten Fiscal Years	20	110
COMPLIANCE SECTION		
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		113

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INTRODUCTORY SECTION

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February 2, 2016

The Honorable Mayor, Members of City Council
and Citizens of the City of Leon Valley:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City of Leon Valley financial statements have been audited by ABIP, P.C., a firm of licensed certified public accountants. They have issued an unmodified "clean" opinion on the City of Leon Valley's financial statements for the year ended September 30, 2015. The independent report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1952, is a residential community located in south central Texas in the northwest portion of the San Antonio Metropolitan Statistical Area. The City is located in Bexar County, Texas. Bexar County's economy is based on military, tourism, agriculture, limestone mining, medical facilities, and manufacturing. The City has a land area of 3.5 square miles and is surrounded on all sides by the City of San Antonio. Most City residents are employed within the greater San Antonio Metropolitan Statistical Area. A full range of services is provided to residents and businesses, including police and fire protection, construction and maintenance of streets and infrastructure, recreational activities, and water and sewer utilities. The City population based upon the 2010 census is 10,866. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The City's property tax rate is average compared to the rest of Bexar County.

The City is operated under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a Mayor and a five-member Council.

The Council is elected on a non-partisan basis at large. Council members are elected to two-year staggered terms. The Mayor is elected at large to a two-year term. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and the hiring of a City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City maintains extensive budgetary controls. The objective of these controls is to ensure the proper safeguarding of City assets, compliance with State budgetary statutes and compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Water and Sewer (Enterprise) Fund, Community Center Fund, Building Security Fund, Child Safety Fund, Municipal Court Technology Fund, Street Maintenance Tax Fund, Police Forfeiture Fund, Grant Fund, CIED Fund, Crime Control and Prevention District, and Capital Project Fund are included in the City's annual budget. The Capital Projects Fund activities are expected to extend beyond one or more fiscal years, and are therefore budgeted on a project-by-project basis. Federal, State, and local grants are budgeted for at the time of grant acceptance.

The annual budget serves as the foundation for the City of Leon Valley's financial planning and control. Generally the City has a policy of funding current year operating expenditures with current operating revenues. Capital purchases are funded from the Unassigned Fund Balance. All agencies of the City of Leon Valley are required to submit requests for appropriation to the City Manager on or before the first week in May each year. The City Manager then presents this proposed budget to the Council for review in July. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of Leon Valley's fiscal year.

The City has adopted financial policies for budgetary control that is stricter than is required by law. The appropriated budget is prepared by fund, department (e.g. police), and function (e.g. patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 56-58 as required supplemental information for the governmental funds.

LOCAL ECONOMY

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Leon Valley operates.

The City of Leon Valley has experienced an economic upturn as far as sales tax over the past few fiscal years and property values are demonstrating an increase in value.

The region's leading industries, in terms of gross sales for the City, are auto dealers/gasoline service stations and food stores; a significant portion of sales for these businesses is not subject to local sales taxes.

LONG-TERM FINANCIAL PLANNING

In FY 2011 the City implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions and formally adopted a Fund Balance Policy. The Fund Balance Policy adopted by the City will be the framework upon which consistent operations may be built and sustained. For man-made or natural disaster emergencies the City will strive to have a Committed Fund Balance that is equal to three months operating expenses based on the current operating budget. For the fiscal year that ended September 30, 2015, this Committed Fund Balance was \$900,000. Each January the policy will be reviewed and the Committed Fund Balance will be adjusted up or down based on the annual operating budget, available funds and necessity.

The City also maintains a five-year Capital Acquisition Plan (CAP) to provide for capital outlay expenditures. Each fiscal year, the CAP is reviewed and analyzed by the City Manager and City staff to determine needs for office and other machinery and equipment, vehicles, buildings and building improvements, land, and other improvements. The five-year CAP is authorized by City Council during the City's annual budget adoption process. As items are funded only when deemed necessary, capital outlay details and amounts vary between budget years. The plan is funded from the Unassigned Fund Balance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leon Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2014 with the highest standards for the preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

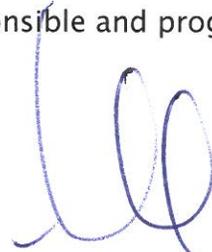
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

We would like to extend our sincere thanks and appreciation to the finance department, and all City staff and department heads who helped in the preparation of this report. A special thanks goes to our Mayor and City Council for their strong leadership and support, their sense of civic duty and responsibility, and their diligence in conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,



Kelly Kuenstler
City Manager



Vickie Wallace
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Leon Valley
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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CITY OF LEON VALLEY, TEXAS
LIST OF PRINCIPAL OFFICERS
YEAR ENDED SEPTEMBER 30, 2015

Elected Officials

Chris Riley, Mayor

Councilmember Place 1
Councilmember Place 2
Councilmember Place 3
Councilmember Place 4
Councilmember Place 5

David Edwards
Carmen Sanchez
Monica Alcocer
Benny Martinez
David Jordan

City Officials

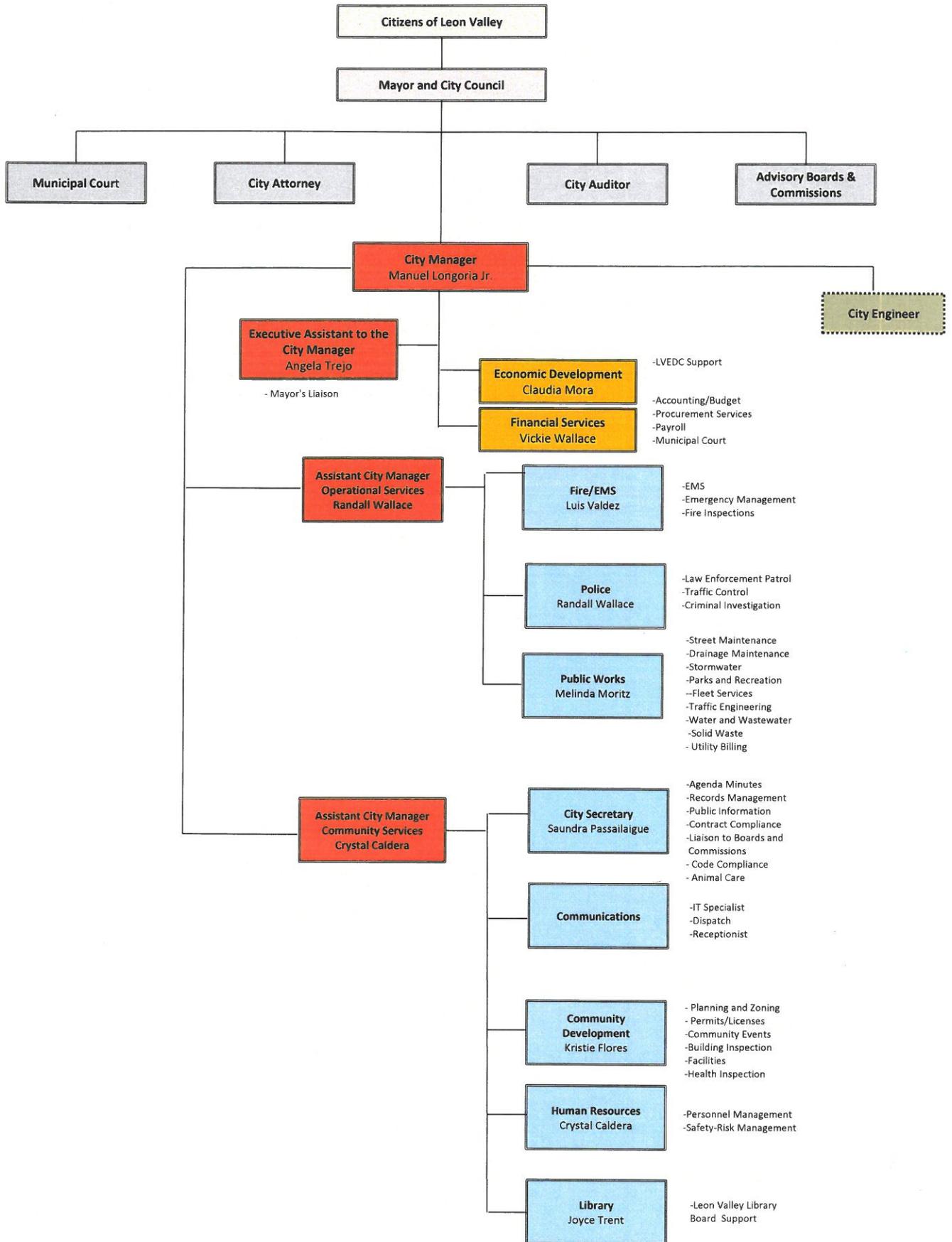
Kelly Kuenstler City Manager

City Secretary
Finance Director
Community Development Director
Economic Development Director
Police Chief
Fire Chief
Librarian
Public Works Director
Human Resource Director
City Attorney

Sandra Passailaigue
Vickie Wallace
Elizabeth Carol
Claudia Mora
Randall Wallace
Luiz Valdez
Sandra Underwood
Melinda Moritz
Crystal Caldera
Patrick Bernal

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City of Leon Valley Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Leon Valley, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2015, and the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1T to the financial statements, in 2015, the City of Leon Valley, Texas adopted new accounting guidance, GASB Statement No. 68, *Accounting and Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to TMRS on pages 5 through 14 and pages 56 through 61, respectively, 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 Leon Valley, Texas's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other supplementary information 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 and budgetary comparison information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2016, on our consideration of the City of Leon Valley, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leon Valley, Texas' internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants
San Antonio, Texas
February 2, 2016

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CITY OF LEON VALLEY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2015

As management of the City of Leon Valley, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2015 by \$18,566,778 (net position). Of this amount, \$4,190,522 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, went into effect for the 2014-2015 fiscal year. The major effects of the implementation were as follows:
 1. A decrease of Government-wide net position of \$2,477,058 as a prior period restatement, reflecting the effect of the new standard to the City's September 30, 2014 net position;
 2. An increase to noncurrent liabilities of \$2,261,518;
 3. An increase to deferred outflow of resources of \$925,583;
 4. An increase to deferred inflows of resources of \$609,380;
 5. A decrease to government-wide expenses of \$344,691.

More information regarding the change to pension reporting can be found in Note 8 to the financial statements.

- The general fund reported a fund balance this year of \$3,876,177, an increase of \$49,719.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as the introduction of the City of Leon Valley, Texas' basic financial statements which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business financial presentation.

The statement of net position is a presentation of the City's assets and liabilities, including capital and infrastructure assets, and long-term liabilities. This statement reports the difference between assets and liabilities as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information regarding increases and decreases to the government's net position for the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of cash flows.

Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, parks and recreation, library, and community development. The business-type activities of the City are water and sewer. The City has one component unit which is a 4B Economic Development Corporation.

Fund Financial Statements – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major funds are also presented in aggregate and further detailed in the supplementary statements. The City uses fund accounting to ensure and demonstrate compliance with requirements placed on resources. Funds are divided into three types: governmental, proprietary, and fiduciary. However, the City does not have any fiduciary funds.

Governmental Funds – Governmental funds are used for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources available for current spending, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

As the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for the provision of water and sewer services to residents.

Proprietary fund financial statements provide separate and more detailed information for the water and sewer fund. The water and sewer fund is considered a major fund of the City.

Notes to the Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on the City's general fund budget, which is adopted on an annual basis. A budgetary comparison statement has been provided for this fund in order to demonstrate budgetary compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Below is a comparative summary of the governmental activities and business-type activities as required by GASB Statement No. 34:

STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2015
(With Comparative Totals for September 30, 2014)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
<u>ASSETS</u>						
Current Assets	\$ 8,539,446	\$ 11,285,726	\$ 2,924,033	\$ 3,105,926	\$ 11,463,479	\$ 14,391,652
Long-Term Assets	15,162,979	12,508,941	4,246,327	4,057,126	19,409,306	16,566,067
TOTAL ASSETS	23,702,425	23,794,667	7,170,360	7,163,052	30,872,785	30,957,719
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
	770,666	-	154,917	-	925,583	-
<u>LIABILITIES</u>						
Current Liabilities	\$ 1,464,496	\$ 1,101,999	\$ 235,419	\$ 180,554	\$ 1,699,915	\$ 1,282,553
Long-Term Liabilities	10,490,666	9,020,714	431,629	58,981	10,922,295	9,079,695
Total Liabilities	11,955,162	10,122,713	667,048	239,535	12,622,210	10,362,248
<u>DEFERRED INFLOWS OF RESOURCES</u>						
	507,387	-	101,993	-	609,380	-
<u>NET POSITION</u>						
Net Investment in Capital Assets	\$ 7,696,092	\$ 7,414,439	\$ 4,113,942	\$ 4,057,126	\$ 11,810,034	\$ 11,471,565
Restricted Net Position	1,657,517	90,494	908,705	993,268	2,566,222	1,083,762
Unrestricted Net Position	2,656,933	6,167,021	1,533,589	1,873,123	4,190,522	8,040,144
Total Net Position	\$ 12,010,542	\$ 13,671,954	\$ 6,556,236	\$ 6,923,517	\$ 18,566,778	\$ 20,595,471

The largest portion of the City's net position, \$11,810,034 represents its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Leon Valley, Texas uses these 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.

Of the other net position, \$2,566,222 represents resources that are subject to external restrictions on how they may be used. The remaining \$4,190,522 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.

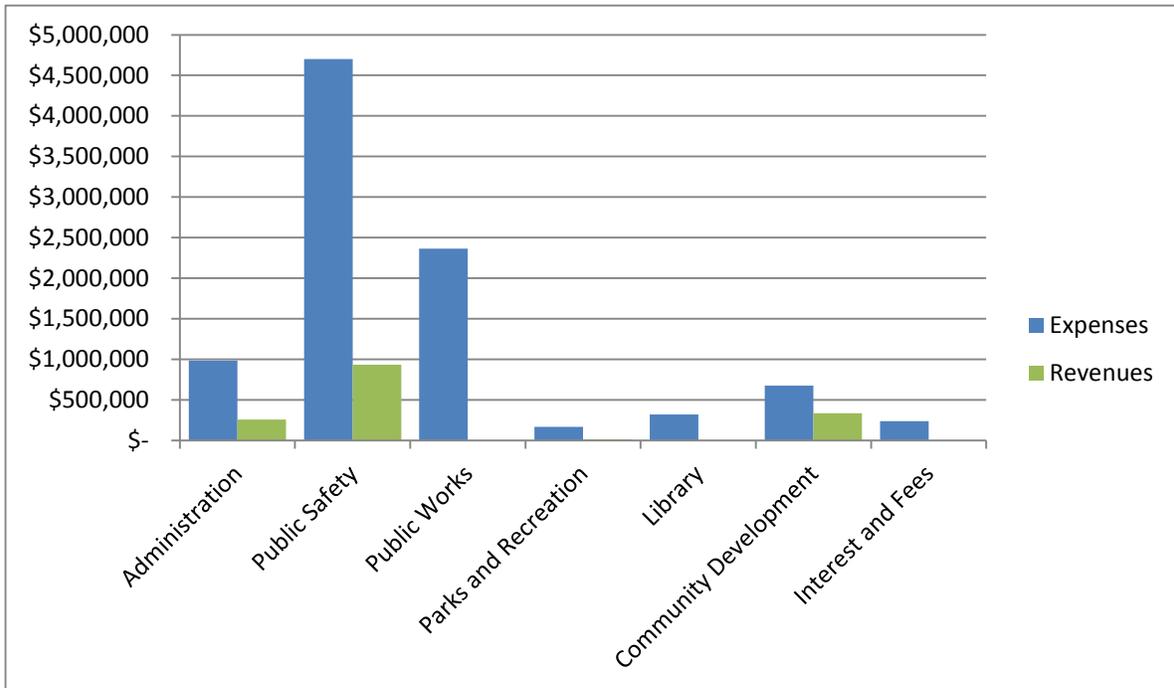
Governmental Activities. Governmental activities increased net position by \$432,364 which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
 (With Comparative Totals for September 30, 2014)

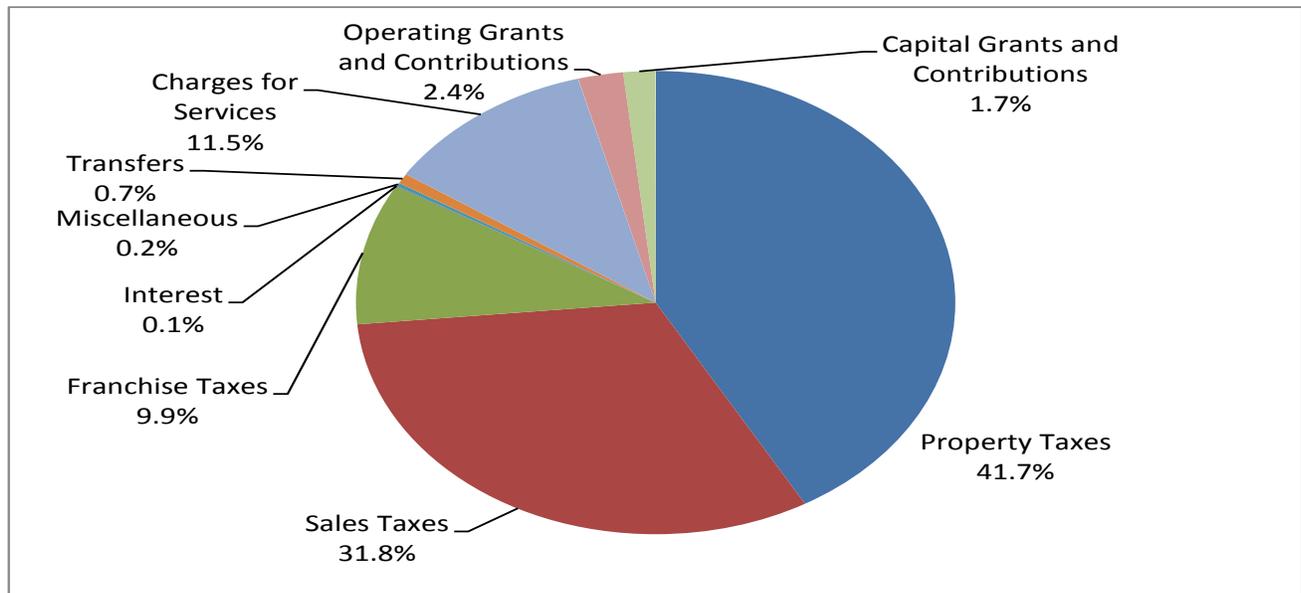
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
<u>PROGRAM REVENUES</u>						
Charges for Services	\$ 1,136,837	\$ 1,274,794	\$ 3,481,570	\$ 3,275,292	\$ 4,618,407	\$ 4,550,086
Operating Grants and Contributions	240,763	95,028	-	-	240,763	95,028
Capital Grants and Contributions	170,747	-	-	-	170,747	-
General Revenues						
Property Taxes	4,122,721	4,021,701	-	-	4,122,721	4,021,701
Sales Tax	3,145,614	3,009,369	-	-	3,145,614	3,009,369
Franchise Taxes	974,361	895,174	-	-	974,361	895,174
CIED	-	-	-	-	-	-
Interest	4,678	4,277	1,270	889	5,948	5,166
Miscellaneous	21,896	26,879	84,682	144,390	106,578	171,269
Total Revenues	<u>9,817,617</u>	<u>9,327,222</u>	<u>3,567,522</u>	<u>3,420,571</u>	<u>13,385,139</u>	<u>12,747,793</u>
<u>EXPENSES</u>						
Administration	983,952	828,573	-	-	983,952	828,573
Public Safety	4,701,582	4,536,351	-	-	4,701,582	4,536,351
Public Works	2,363,083	1,650,987	-	-	2,363,083	1,650,987
Parks and Recreation	169,947	186,386	-	-	169,947	186,386
Library	320,572	302,721	-	-	320,572	302,721
Community Development	676,880	641,724	-	-	676,880	641,724
Utility	-	-	3,481,521	3,365,772	3,481,521	3,365,772
Interest and Fiscal Agent Fees	239,237	248,324	-	-	239,237	248,324
Total Expenses	<u>9,455,253</u>	<u>8,395,066</u>	<u>3,481,521</u>	<u>3,365,772</u>	<u>12,936,774</u>	<u>11,760,838</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>362,364</u>	<u>932,156</u>	<u>86,001</u>	<u>54,799</u>	<u>448,365</u>	<u>986,955</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfer Out	-	-	(70,000)	(20,000)	(70,000)	(20,000)
Transfer In	70,000	20,000	-	-	70,000	20,000
Total Other Financing Sources (Uses)	<u>70,000</u>	<u>20,000</u>	<u>(70,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	432,364	952,156	16,001	34,799	448,365	986,955
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>13,671,954</u>	<u>13,027,279</u>	<u>6,923,517</u>	<u>6,763,718</u>	<u>20,595,471</u>	<u>19,790,997</u>
RESTATEMENT OF NET POSITION	(2,093,776)	(307,481)	(383,282)	125,000	(2,477,058)	(182,481)
<u>NET POSITION AT BEGINNING OF YEAR - RESTATED</u>	<u>11,578,178</u>	<u>12,719,798</u>	<u>6,540,235</u>	<u>6,888,718</u>	<u>18,118,413</u>	<u>19,608,516</u>
NET POSITION AT END OF YEAR	<u>\$ 12,010,542</u>	<u>\$ 13,671,954</u>	<u>\$ 6,556,236</u>	<u>\$ 6,923,517</u>	<u>\$ 18,566,778</u>	<u>\$ 20,595,471</u>

Revenue for governmental activities for the fiscal year ended September 30, 2015 totaled \$9,817,617, an increase of \$490,395 from fiscal year 2014 total revenues of \$9,327,222. The main cause of the increase relates to sales and property taxes.

EXPENSES AND PROGRAM REVENUES – GOVERNMENTAL ACTIVITIES



REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

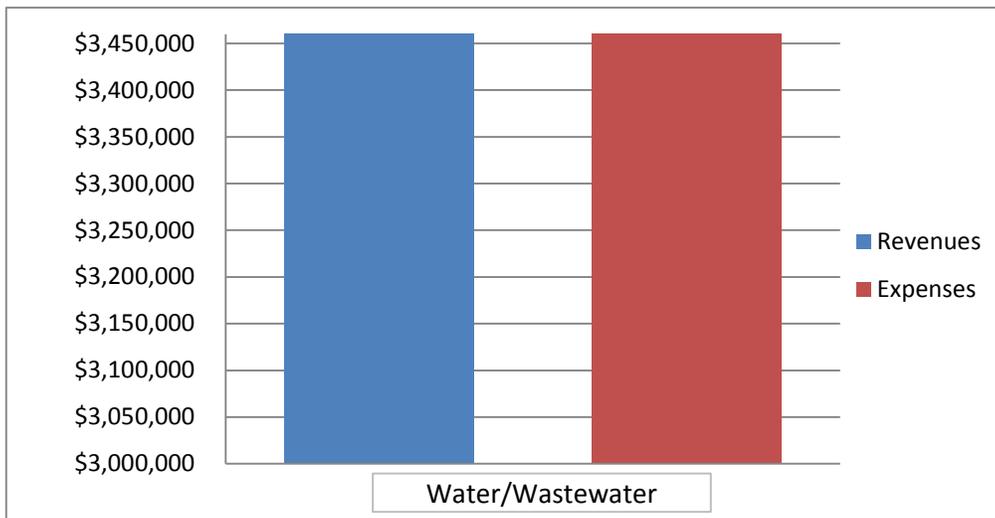


Expenses for governmental activities totaled \$9,455,253, an increase of \$1,060,187 over fiscal year 2014. The main cause for this increase relates to the use of bond proceeds for constructing the new City’s municipal complex.

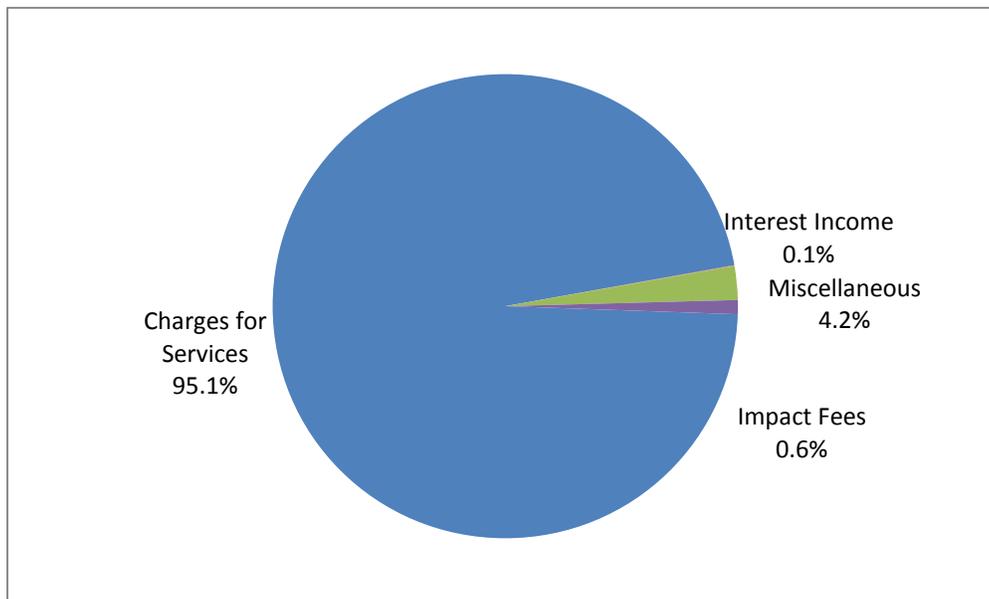
Business-Type Activities. Business-type activities increased net position by \$16,001. Key elements of this increase are as follows:

- Utility expenses for business-type activities increased by \$115,749, which is attributable to an increase in personnel costs.

EXPENSES AND PROGRAM REVENUES – BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE – BUSINESS-TYPE ACTIVITIES



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Activities of the primary government’s general fund, capital projects fund, special revenue funds and debt service funds are considered general government functions. The general fund is the City’s general operating fund. The capital projects fund is used to account for financial activity related to the acquisition and construction of major capital facilities. Special revenue funds are used to account for proceeds of specific sources that are legally restricted as to expenditures. The debt service funds are used to account for financial activity related to the City’s general bonded indebtedness, as well as long-term obligations.

As of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$7,529,090, a decrease of \$3,062,461 in comparison with fiscal year 2014. The general fund which is the chief operating fund of the City, at the end of the current fiscal year, had a committed fund balance of \$900,000. The committed fund balance is used only for man-made or natural disaster emergencies.

For the fiscal year ended September 30, 2015, the fund balance of the City’s general fund increased by \$49,719. Key factors in the increase are as follows:

- Ad valorem and sales taxes were higher than budgeted.
- Personnel vacancies.

The capital projects fund has a total fund balance of \$1,332,387, a decrease of \$2,816,303 in comparison with fiscal year 2014, all of which is legally restricted for construction projects. This decrease was primarily due to construction of the municipal complex during the fiscal year.

The debt service fund has a total fund balance of \$286,736, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$30,490.

Proprietary Funds – The City’s proprietary fund provided the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$1,533,589. The total increase in net position for the water and sewer fund was \$16,001. Other factors concerning the finances of this fund have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its budget (including transfers out) for a total increase of \$172,659. The following are the main components of the increase.

- \$50,000 supplemental appropriation transfer for construction and renovations of the City’s Municipal Complex;
- \$19,576 supplemental appropriation for personnel salaries.
- \$103,083 supplemental appropriations for contractual obligations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounted to \$19,276,921 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, park facilities, and roads. The City’s investment in capital assets for the current fiscal year increased by \$2,897,905 from fiscal year 2014.

	<u>CAPITAL ASSETS</u> <u>(Net of Depreciation)</u>			
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2014</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2015</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 817,346	\$ -	\$ -	\$ 817,346
Construction in Progress	<u>3,037,014</u>	<u>3,398,408</u>	<u>-</u>	<u>6,435,422</u>
Total Capital Assets -Not Depreciated	<u>3,854,360</u>	<u>3,398,408</u>	<u>-</u>	<u>7,252,768</u>
<u>Capital Assets - Depreciated</u>				
Buildings	3,872,271	-	-	3,872,271
Transportation and Equipment	5,527,139	10,393	(165,644)	5,371,888
Infrastructure	<u>11,079,412</u>	<u>-</u>	<u>-</u>	<u>11,079,412</u>
Total Capital Assets - Depreciated	<u>20,478,822</u>	<u>10,393</u>	<u>(165,644)</u>	<u>20,323,571</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(1,557,111)	(67,687)	-	(1,624,798)
Transportation and Equipment	(3,758,138)	(330,267)	165,644	(3,922,761)
Infrastructure	<u>(6,696,043)</u>	<u>(169,758)</u>	<u>-</u>	<u>(6,865,801)</u>
	<u>(12,011,292)</u>	<u>(567,712)</u>	<u>165,644</u>	<u>(12,413,360)</u>
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>8,467,530</u>	<u>(557,319)</u>	<u>-</u>	<u>7,910,211</u>
 TOTAL CAPITAL ASSETS - NET	 <u>\$ 12,321,890</u>	 <u>\$ 2,841,089</u>	 <u>\$ -</u>	 <u>\$ 15,162,979</u>

CAPITAL ASSETS (CONTINUED)
(Net of Depreciation)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2014</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2015</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 113,227	\$ -	\$ -	\$ 113,227
Water Rights	<u>1,313,803</u>	<u>217,869</u>	<u>-</u>	<u>1,531,672</u>
Total Capital Assets - Not Depreciated	<u>1,427,030</u>	<u>217,869</u>	<u>-</u>	<u>1,644,899</u>
<u>Capital Assets - Depreciated</u>				
Buildings	25,403	-	-	25,403
Improvements other than Buildings	6,730,299	-	-	6,730,299
Transportation and Equipment	<u>640,029</u>	<u>7,895</u>	<u>-</u>	<u>647,924</u>
Total Capital Assets - Depreciated	<u>7,395,731</u>	<u>7,895</u>	<u>-</u>	<u>7,403,626</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(19,117)	(410)	-	(19,527)
Improvements other than Buildings	(4,241,509)	(135,813)	-	(4,377,322)
Transportation and Equipment	<u>(505,009)</u>	<u>(32,725)</u>	<u>-</u>	<u>(537,734)</u>
	<u>(4,765,635)</u>	<u>(168,948)</u>	<u>-</u>	<u>(4,934,583)</u>
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>2,630,096</u>	<u>(161,053)</u>	<u>-</u>	<u>2,469,043</u>
TOTAL CAPITAL ASSETS - NET	<u>\$ 4,057,126</u>	<u>\$ 56,816</u>	<u>\$ -</u>	<u>\$ 4,113,942</u>

Additional information of the City of Leon Valley's capital assets can be found in Note 6 of this report.

Long-Term Debt – For the fiscal year ended September 30, 2015, the City had a total bonded debt outstanding of \$8,565,000.

OUTSTANDING DEBT LONG-TERM DEBT

	<u>BALANCE</u> <u>9/30/2014</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCE</u> <u>9/30/2015</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Refunding Bonds Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 1,240,000	\$ -	\$ (295,000)	\$ 945,000	\$305,000
Public Property Finance Contracts Original Amount of \$1,060,000 Interest Rate 4.42%	870,000	-	(45,000)	825,000	45,000
General Obligation Refunding Bonds Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	6,885,000	-	(90,000)	6,795,000	95,000
Issuance Premium	<u>124,096</u>	<u>-</u>	<u>(6,959)</u>	<u>117,137</u>	<u>6,959</u>
Subtotal	9,119,096	-	(436,959)	8,682,137	\$451,959
Compensated Absences	<u>451,436</u>	<u>164,736</u>	<u>(112,859)</u>	<u>503,313</u>	<u>125,828</u>
	<u>\$ 9,570,532</u>	<u>\$ 164,736</u>	<u>\$ (549,818)</u>	<u>\$ 9,185,450</u>	<u>\$ 577,787</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 78,641</u>	<u>\$ 11,838</u>	<u>\$ (19,660)</u>	<u>\$ 70,819</u>	<u>\$ 17,705</u>

Additional information of the City of Leon Valley's long term debt can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2015, sales tax was budgeted with a 7.1% increase. The City adopted a tax rate of \$0.561615, which is \$0.013892 higher than the fiscal year 2015 tax rate of \$0.575507. Overall tax revenues are anticipated to rise with the increase in property values within the City.

Expenditures for the general fund are budgeted at \$8,422,427. The largest increase comes from personnel costs and contractual services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 6400 El Verde Road, Leon Valley, Texas 78238.

BASIC FINANCIAL STATEMENTS

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CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 7,506,323	\$ 2,526,072	\$ 10,032,395	\$ 325,850
Receivables - Net of Allowances for Uncollectibles:				
Property Taxes	151,744	-	151,744	-
Special Assessment	11,744	-	11,744	-
Other	282,064	388,362	670,426	-
Due from Other Governments	529,139	-	529,139	47,311
Inventories	46,005	-	46,005	-
Prepaid Items	12,427	9,599	22,026	-
Total Current Assets	<u>8,539,446</u>	<u>2,924,033</u>	<u>11,463,479</u>	<u>373,161</u>
<u>NONCURRENT ASSETS</u>				
Restricted Cash, Customer Deposits	-	132,385	132,385	-
Capital Assets, Net				
Land	817,346	113,227	930,573	-
Construction in Progress	6,435,422	-	6,435,422	-
Water Rights	-	1,531,672	1,531,672	-
Buildings	2,247,473	5,876	2,253,349	-
Water/Wastewater System-Plant	-	2,352,977	2,352,977	-
Transportation and Equipment	1,449,127	110,190	1,559,317	-
Infrastructure	4,213,611	-	4,213,611	-
Total Noncurrent Assets	<u>15,162,979</u>	<u>4,246,327</u>	<u>19,409,306</u>	<u>-</u>
TOTAL ASSETS	<u>23,702,425</u>	<u>7,170,360</u>	<u>30,872,785</u>	<u>373,161</u>
<u>DEFERRED OUFLOWS OF RESOURCES</u>				
Deferred Outflows of Resources - TMRS	<u>770,666</u>	<u>154,917</u>	<u>925,583</u>	<u>-</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	594,912	67,370	662,282	-
Accrued Expenses	224,194	17,959	242,153	6,328
Accrued Interest Payable	39,841	-	39,841	-
Payable from Restricted Assets, Customer Deposits	-	132,385	132,385	-
Deposits Payable	27,762	-	27,762	-
Current Portion of Accrued Leave	577,787	17,705	595,492	-
Total Current Liabilities	<u>1,464,496</u>	<u>235,419</u>	<u>1,699,915</u>	<u>6,328</u>
<u>NONCURRENT LIABILITIES</u>				
Due in More Than One Year	8,607,663	53,114	8,660,777	-
Net Pension Liability	1,883,003	378,515	2,261,518	-
Total Noncurrent Liabilities	<u>10,490,666</u>	<u>431,629</u>	<u>10,922,295</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,955,162</u>	<u>667,048</u>	<u>12,622,210</u>	<u>6,328</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources - TMRS	<u>507,387</u>	<u>101,993</u>	<u>609,380</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in Capital Assets	7,696,092	4,113,942	11,810,034	-
Restricted for				
Parks	326	-	326	-
Public Education Grants	114,636	-	114,636	-
Debt Service	286,736	-	286,736	-
Special Revenue	1,255,819	-	1,255,819	-
Water Supply	-	55,060	55,060	-
Storm Water Fee	-	853,645	853,645	-
Unrestricted Net Position	2,656,933	1,533,589	4,190,522	366,833
Total Net Position	<u>\$ 12,010,542</u>	<u>\$ 6,556,236</u>	<u>\$ 18,566,778</u>	<u>\$ 366,833</u>

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

CITY OF LEON VALLEY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

<u>FUNCTIONS AND PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<u>Governmental Activities</u>				
Administration	\$ 983,952	\$ 258,388	\$ -	\$ -
Public Safety	4,701,582	694,303	240,763	-
Public Works	2,363,083	-	-	-
Parks and Recreation	169,947	13,850	-	-
Library	320,572	3,521	-	-
Community Development	676,880	166,775	-	170,747
Interest and Fees	<u>239,237</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>9,455,253</u>	<u>1,136,837</u>	<u>240,763</u>	<u>170,747</u>
<u>Business-Type Activities</u>				
Water/Wastewater	<u>3,481,521</u>	<u>3,481,570</u>	<u>-</u>	<u>-</u>
Total Government	<u>\$ 12,936,774</u>	<u>\$ 4,618,407</u>	<u>\$ 240,763</u>	<u>\$ -</u>
<u>Component Unit</u>				
Leon Valley Economic Development Corporation	<u>\$ 559,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Interest

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at Beginning of Year - Restated

NET POSITION AT END OF YEAR

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
\$ (725,564)	\$ -	\$ (725,564)	
(3,766,516)	-	(3,766,516)	
(2,363,083)	-	(2,363,083)	
(156,097)	-	(156,097)	
(317,051)	-	(317,051)	
(339,358)	-	(339,358)	
<u>(239,237)</u>	<u>-</u>	<u>(239,237)</u>	
<u>(7,906,906)</u>	<u>-</u>	<u>(7,906,906)</u>	
<u>-</u>	<u>49</u>	<u>49</u>	
<u>(7,906,906)</u>	<u>49</u>	<u>(7,906,857)</u>	
			<u>\$ 559,306</u>
4,122,721	-	4,122,721	-
3,145,614	-	3,145,614	274,866
974,361	-	974,361	-
4,678	1,270	5,948	163
21,896	84,682	106,578	-
<u>70,000</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
8,339,270	15,952	8,355,222	275,029
432,364	16,001	448,365	(284,277)
<u>13,671,954</u>	<u>6,923,517</u>	<u>20,595,471</u>	<u>651,110</u>
<u>(2,093,776)</u>	<u>(383,282)</u>	<u>(2,477,058)</u>	<u>-</u>
<u>11,578,178</u>	<u>6,540,235</u>	<u>18,118,413</u>	<u>651,110</u>
<u>\$ 12,010,542</u>	<u>\$ 6,556,236</u>	<u>\$ 18,566,778</u>	<u>\$ 366,833</u>

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

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,620,500	\$ 1,836,597	\$ 2,049,226	\$ 7,506,323
Receivables - Net of Allowances for Uncollectibles				
Property Taxes	128,387	-	23,357	151,744
EMS Charges	-	-	-	-
Special Assessment	-	-	11,744	11,744
Other	95,426	-	186,638	282,064
Due from Other Governments	389,753	-	139,386	529,139
Prepaid Items	44,015	-	1,990	46,005
Inventories	12,427	-	-	12,427
	<u>4,290,508</u>	<u>1,836,597</u>	<u>2,412,341</u>	<u>8,539,446</u>
TOTAL ASSETS				
<u>LIABILITIES</u>				
Accounts Payable	\$ 79,581	\$ 504,210	\$ 11,121	\$ 594,912
Accrued Expenditures	205,403	-	18,791	224,194
Deposits Payable	960	-	26,802	27,762
Deferred/Unearned Revenue	-	-	-	-
Total Liabilities	<u>285,944</u>	<u>504,210</u>	<u>56,714</u>	<u>846,868</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenues - Taxes	128,387	-	35,101	163,488
<u>FUND BALANCES</u>				
Nonspendable	56,442	-	1,990	58,432
Restricted:				
Capital Projects	-	1,332,387	-	1,332,387
Public Education Grants	114,636	-	-	114,636
Park Bucks	326	-	-	326
Debt Service	-	-	286,736	286,736
Special Revenue	-	-	1,255,819	1,255,819
Committed:				
Disaster Emergencies	900,000	-	-	900,000
CIED	-	-	664,842	664,842
Assigned:				
Tree Mitigation and Replacement	25,275	-	-	25,275
Community and Conference Center	-	-	111,139	111,139
Unassigned:	<u>2,779,498</u>	<u>-</u>	<u>-</u>	<u>2,779,498</u>
Total Fund Balances	<u>3,876,177</u>	<u>1,332,387</u>	<u>2,320,526</u>	<u>7,529,090</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,290,508</u>	<u>\$ 1,836,597</u>	<u>\$ 2,412,341</u>	<u>\$ 8,539,446</u>

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

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,529,090

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 as assets in governmental funds. 15,162,979

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds. 163,488

Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds. (503,313)

Long-term liabilities, including bonds payable and related premiums are not due and payable in the current period and therefore are not reported as liabilities in the funds:

Bonds Payable	\$ (8,565,000)	
Bond Premiums	<u>(117,137)</u>	<u>(8,682,137)</u>

Accrued interest payable on bonded debt is not reported in the funds. (39,841)

Recognition of the City's net pension liability required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TMRS pension liability:

Net Pension Liability	\$ (1,883,003)	
Deferred Inflows of Resources - TMRS	(507,387)	
Deferred Outflows of Resources - TMRS	<u>770,666</u>	<u>(1,619,724)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 12,010,542

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Property Taxes	\$ 3,434,382	\$ -	\$ 708,686	\$ 4,143,068
Sales Taxes	2,242,189	-	903,425	3,145,614
Franchise Taxes	898,466	-	75,895	974,361
Licenses, Permits, Fees and Fines	885,450	-	264,043	1,149,493
Grants	5,583	-	3,269	8,852
Rent	-	-	86,661	86,661
Interest	2,486	1,302	890	4,678
Miscellaneous	154,490	-	170,747	325,237
Total Revenues	<u>7,623,046</u>	<u>1,302</u>	<u>2,213,616</u>	<u>9,837,964</u>
<u>EXPENDITURES</u>				
Current				
Administration	890,042	-	61,079	951,121
Public Safety	4,340,161	-	268,915	4,609,076
Public Works	1,147,619	-	1,091,045	2,238,664
Parks and Recreation	142,794	-	-	142,794
Library	317,049	-	-	317,049
Community Development	467,790	-	156,934	624,724
Capital Outlay	10,393	3,398,408	-	3,408,801
Debt Service				
Principal	-	-	430,000	430,000
Interest	-	-	245,946	245,946
Fiscal Agent Fees and Bond Issue Costs	-	-	2,250	2,250
Total Expenditures	<u>7,315,848</u>	<u>3,398,408</u>	<u>2,256,169</u>	<u>12,970,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>307,198</u>	<u>(3,397,106)</u>	<u>(42,553)</u>	<u>(3,132,461)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	580,803	10,000	590,803
Transfers Out	<u>(257,479)</u>	<u>-</u>	<u>(263,324)</u>	<u>(520,803)</u>
Total Other Financing Sources (Uses)	<u>(257,479)</u>	<u>580,803</u>	<u>(253,324)</u>	<u>70,000</u>
Net Change in Fund Balances	49,719	(2,816,303)	(295,877)	(3,062,461)
<u>FUND BALANCES AT</u>				
<u>BEGINNING OF YEAR</u>	<u>3,826,458</u>	<u>4,148,690</u>	<u>2,616,403</u>	<u>10,591,551</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,876,177</u>	<u>\$ 1,332,387</u>	<u>\$ 2,320,526</u>	<u>\$ 7,529,090</u>

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (3,062,461)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are capitalized.	3,408,801
Capital assets are not recorded in government funds and are not therefore depreciated. However, in the statement of activities, these assets are depreciated over their estimated useful lives. This is the amount of the 2015 depreciation.	(567,712)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	
Property Taxes	(20,347)
The change in net pension liability and deferred inflows and outflows related to the City's TMRS pension liability.	287,001
Premiums on the issuance of debt are expended in the governmental activities, but are amortized over the life of the bond in the statement of activities. This is the amortization for 2015.	6,959
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	430,000
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities (accrued interest).	2,000
Amounts to be expended for long-term employee leave is not recorded as an expenditure in the funds, but is an expense in the statement of activities. This is the change in compensated absences for 2015.	<u>(51,877)</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 432,364</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2015

	<u>BUSINESS-TYPE ACTIVITY WATER AND WASTEWATER</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 2,526,072
Accounts Receivable, Net of Allowance for Uncollectible	388,362
Prepaid Items	<u>9,599</u>
Total Current Assets	<u>2,924,033</u>
<u>NONCURRENT ASSETS</u>	
Restricted Cash and Cash Equivalents for Customer Deposits	132,385
Capital Assets (Net)	
Land	113,227
Water Rights	1,531,672
Buildings	5,876
Water and Wastewater System - Plant	2,352,977
Equipment	<u>110,190</u>
Total Noncurrent Assets	<u>4,246,327</u>
TOTAL ASSETS	<u>7,170,360</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - TMRS	<u>154,917</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	67,370
Accrued Expenses	17,959
Current Portion of Accrued Leave	<u>17,705</u>
Total Current Liabilities	<u>103,034</u>
<u>NONCURRENT LIABILITIES</u>	
Accrued Leave	53,114
Payable from Restricted Assets:	
Customer Deposits Payable	132,385
Net Position Liability	<u>378,515</u>
Total Noncurrent Liabilities	<u>564,014</u>
Total Liabilities	<u>667,048</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - TMRS	<u>101,993</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,113,942
Restricted Net Position	
Water Supply Fee Reserve	55,060
Storm Water Fee Reserve	853,645
Unrestricted Net Position	
Appropriated for Capital Outlay	1,183,589
Unrestricted Unappropriated Net Position	<u>350,000</u>
Total Net Position	<u>\$ 6,556,236</u>

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

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUSINESS-TYPE ACTIVITY</u>
	<u>WATER AND WASTEWATER</u>
<u>OPERATING REVENUES</u>	
Metered Water Sales	\$ 811,408
Wastewater Sales Charges	1,871,412
Storm Water Fees	391,250
Connection and Platting	314,937
Customer Penalties	32,280
Customer Disconnect Fees	6,740
Tap Fees	<u>18,818</u>
Total Operating Revenues	<u>3,446,845</u>
<u>OPERATING EXPENSES</u>	
General and Administrative	669,354
Water System	911,259
Wastewater System	1,394,312
Stormwater System	337,648
Depreciation	<u>168,948</u>
Total Operating Expenses	<u>3,481,521</u>
Operating Income (Loss)	<u>(34,676)</u>
<u>NONOPERATING REVENUES</u>	
Interest Income	1,270
Miscellaneous	84,682
Impact Fees	<u>34,725</u>
Total Nonoperating Revenues	<u>120,677</u>
Net Income Before Transfers	86,001
Transfer Out	<u>(70,000)</u>
Change in Net Position	16,001
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>6,923,517</u>
RESTATEMENT OF NET POSITION	(383,282)
<u>NET POSITION AT BEGINNING OF YEAR - RESTATED</u>	<u>6,540,235</u>
NET POSITION AT END OF YEAR	<u>\$ 6,556,236</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Payments Received from Customers	\$ 3,414,019
Payments to Suppliers for Goods and Services	(2,118,465)
Payments for Salaries and Benefits	<u>(1,210,794)</u>
Net Cash Provided (Used) by Operating Activities	<u>84,760</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	(225,764)
Impact and Service Fees	<u>119,407</u>
Net Cash Used by Capital and Related Financing Activities	<u>(106,357)</u>
<u>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Transfer to Other Funds	<u>(70,000)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Received	<u>1,270</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(90,327)</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	
Cash and Cash Equivalents	2,623,859
Restricted Cash and Cash Equivalents	<u>124,925</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>\$ 2,748,784</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	
Cash and Cash Equivalents	\$ 2,526,072
Restricted Cash and Cash Equivalents	<u>132,385</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,658,457</u>
<u>RECONCILIATION OF UTILITY OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income (Loss)	\$ (34,676)
Depreciation	168,948
(Increase) Decrease in Assets	
Accounts Receivable	(40,286)
Prepaid Expense	(533)
Increase (Decrease) in Liabilities	
Accounts Payable	54,147
Accrued Expenses	(12,609)
Customer Deposits	7,460
Net Pension Liability	<u>(57,691)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 84,760</u>
<u>Schedule of Noncash Activities</u>	
Actuarial Calculation of Net Pension Liability	<u>\$ 43,233</u>

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET - COMPONENT UNIT
SEPTEMBER 30, 2015

	<u>COMPONENT UNIT ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 325,850
Due from Other Governments	<u>47,311</u>
 TOTAL ASSETS	 <u>\$ 373,161</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accrued Expenditures	<u>\$ 6,328</u>
 <u>FUND BALANCE</u>	
Unassigned	<u>366,833</u>
Total Fund Balance	<u>366,833</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 373,161</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPONENT UNIT
YEAR ENDED SEPTEMBER 30, 2015

	<u>COMPONENT</u> <u>UNIT</u> <u>ECONOMIC</u> <u>DEVELOPMENT</u> <u>CORPORATION</u>
<u>REVENUES</u>	
Sales Taxes	\$ 274,866
Interest	<u>163</u>
Total Revenues	<u>275,029</u>
 <u>OPERATING EXPENDITURES</u>	
General and Administrative	<u>559,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(284,277)</u>
 <u>FUND BALANCE AT BEGINNING OF YEAR</u>	 <u>651,110</u>
FUND BALANCE AT END OF YEAR	<u>\$ 366,833</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leon Valley, Texas, was incorporated in 1952. The City operates under a council-manager form of government and provides the following services as authorized by its charter: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

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. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 39 *Determining Whether Certain Organizations are Component Units*. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria of GASB Nos. 14 and 39, the Leon Valley Economic Development Corporation (LVEDC) is considered to be a discretely presented component unit. The LVEDC is financially accountable to the City because City Council approves the LVEDC budget and must approve any debt issuance. The component unit's board is appointed by City Council and its activities benefit the City by promoting growth and development opportunities. Separate financial statements are not issued for the LVEDC.

B. Government-Wide Fund Financial Statements

The government-wide financial statements include the statement of net position and 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. The values of interfund services provided and used are not eliminated in the government-wide financial statements, as elimination of those charges would distort the direct costs reported for the various functions. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed whole or in part by fees charged to external parties for goods and services. The City has no fiduciary funds.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Fund Financial Statements (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses of a given function or segment 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 projects fund meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

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. 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 revenue types, which have been accrued, revenue from the investments, 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 and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and 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 inflow of resources. Property taxes which are levied prior to September 30, 2014, and became due October 1, 2014 have been assessed to finance the budget of the fiscal year beginning October 1, 2014 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2015.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Sales taxes, franchise taxes, hotel/motel taxes, and fees associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenue in the current fiscal period. All other revenue items received by the government are considered to be measurable and available only when the cash is received by the City.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

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, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

Capital Projects fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of general obligation bonds.

Nonmajor funds include special revenue funds and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those 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 the water/wastewater fund (used to account for the provisions of water and sewer services to residents).

The proprietary fund is accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when liabilities are incurred.
- 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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the enterprise fund (water and wastewater fund) considers all highly liquid investments including cash in banks, cash on hand, money market accounts, deposits in local government investment pools, and restricted cash and temporary investments to be cash equivalents.

E. Investments

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (d). Statutes 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.

Investments are stated at fair value (plus accrued interest) except for money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost.

F. Accounts Receivable

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2014 and past due after January 31, 2015. 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 inflows of resources in the fund statements. Receivables are shown net of an allowance for uncollectibles.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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 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".

H. Inventories and Prepaid Items

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid Items of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Budget

An operating budget is adopted each fiscal year for all City governmental funds. The budget is adopted on the GAAP basis of accounting.

J. Restricted Assets

Certain enterprise fund revenues are collected for a specific purpose by state law and city ordinances such as impact fees for infrastructure improvements and the purchase of future water rights. These funds are classified as restricted assets on the statement of net position and balance sheet because their use is limited by law.

Also, considered as restricted assets, are deposits of water/sewer customers and performance bond deposits pending refund to the customer.

K. 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. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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:

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

<u>ASSET</u>	<u>YEARS</u>
Buildings	50 Years
Transportation and Equipment	3-30 Years
Infrastructure	50 Years
Improvements other than Buildings	50 Years

L. Compensated Absences

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2015 of \$70,819 and \$503,313 has been recorded in accrued liabilities of the enterprise fund and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

M. Deferred Inflows/Outflows of Resources

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations

In the government-wide financial statements, long-term debt 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 premium and discounts are deferred and amortized over the life of the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. 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.

O. Net Position

Net Position represents the difference between assets and liabilities. Net investment 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. The City has elected to appropriate net position of its business type activity. Such appropriations reflect the intended use of the net position.

P. Interfund Transactions

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services. Operating expenses are necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

R. 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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classification Policies

The City adopted Governmental Accounting Standards Board Statement Number 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement provides guidance for fund balance categories and classifications and governmental fund type definitions. GASB 54 changed the way we look at fund balances, specifically reporting what fund balances, by major governmental fund type, are or are not available for public purposes. Five categories of fund balances were created and defined by GASB 54. These five categories are as follows:

- **Non-spendable** – These funds are not available for expenditures based on legal or contractual requirements. An example might be inventories and prepaid expenditures.
- **Restricted** – These funds are governed by externally enforceable restrictions.
- **Committed** – Fund balances in this category are limited by the government’s highest level of decision making (in this case the City Council). Any changes of this designation must be done in the same manner that it was implemented. For example, if funds are committed by resolution, the commitment could only be released with another resolution.
- **Assigned** – For funds to be assigned, there must be an intended use which can be established by the City Council or an official delegated by the council, such as a city administrator or finance director. Assigned fund balance is delegated by the City Council to the City Manager.
- **Unassigned** – This classification is the default for all funds that do not fit into the other categories.

Restricted amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. The City’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

T. Change in Accounting Policy

During fiscal year 2015, the City changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* – an Amendment of GASB Statement No. 27. Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS

The City's funds are required to be deposited and invested under the terms of the 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.

A. Cash

At September 30, 2015, the carrying amount of the City's cash on hand was \$1,400, deposits in the bank were \$1,926,016 and the book balance was \$1,718,671. The City's cash was fully collateralized. The component unit's bank deposits were \$361,961 and the book balance was \$325,850. This balance was fully collateralized.

B. 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 of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) securities lending program, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investments pools, (9) guaranteed investment contracts, and (10) commercial paper.

The City's cash, and cash equivalents at September 30, 2015 are as shown below:

	<u>REPORTED AND FAIR VALUE</u>	<u>WEIGHTED AVERAGE MATURITY</u>	<u>RATING</u>	
			<u>MOODY'S</u>	<u>S & P</u>
TexPool	\$ 8,446,109	n/a	Aaa	AAAm
Cash on Hand	1,400	n/a	n/a	n/a
Bank Deposits	<u>2,043,121</u>	n/a	n/a	n/a
 TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	 <u>\$ 10,490,630</u>			
 Unrestricted	 <u>10,358,245</u>			
 RESTRICTED	 <u>\$ 132,385</u>			

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

C. 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:

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. City investment policy follows state guidelines. The City policy allows investments in certificates of deposit with banks in Texas, investments in U.S. Treasuries and Agencies, and investment pools that invest in obligations of the United States or its agencies and instrumentalities to name a few.

At September 30, 2015, the City's investments were in TexPool, a public funds investment pool where all securities held maintain a continuous rating of no lower than Aaa or AAAm or an equivalent rating by at least one nationally recognized rating service.

Custodial Credit Risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

At year end and per City policy all funds were in the City's name and collateralized with securities that maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. The City was not exposed to custodial credit risk.

Concentration of Credit Risk. This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All City funds are in the external investment pool as allowed by the City's investment policy, and the investment pool invests in hundreds of authorized securities that minimize concentrations of credit risk. At year end, the City was not exposed to concentration of credit risk.

Interest Rate Risk. This is the risk that changes in interest rates will adversely affect the fair market value of an investment. At year end, the City was not exposed to interest rate risk due to investment in an external investment pool as authorized by the City's investment policy.

Foreign Currency Risk. This is the risk that exchange rates will adversely affect the fair value of an investment. The City's policy does not allow investment in foreign currency. At year end the City was not exposed to foreign currency risk.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

D. Investment Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts as amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

E. Public Funds Investment Pools

Public funds investment pools in Texas are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

NOTE 3: RECEIVABLES

A. Special Assessments

The City levied special assessments in 1986 against various property owners benefiting from public improvements completed in 1987. In accordance with the provisions of the assessment certificates issued for the property owners, assessments are due and payable at the time of completion. All assessments receivable as of September 30, 2012, are considered delinquent. These public improvements were funded through a note payable at the City's depository bank. Collections from assessment accounts were insufficient to cover the required note payments and therefore, the City's general fund paid the note in full through a transfer. Accordingly, current and future principal and interest collections on these delinquent accounts will be used to reimburse the City's general fund. The related assessments receivable, revenues, deferred revenue, and debt payments are reported in the debt service fund.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 3: RECEIVABLES (CONTINUED)

B. Other Receivables

Other receivables consist of the following:

	<u>AMOUNT</u>	<u>ALLOWANCE FOR DOUBTFUL</u>	<u>NET RECEIVABLE</u>
Property Taxes	\$ 178,522	\$ (26,778)	\$ 151,744
EMS Receivables	209,384	(209,384)	-
Special Assessment	11,744	-	11,744
Accounts	282,064	-	282,064
Utility	403,011	(14,649)	388,362

NOTE 4: PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of 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, 2014, upon which the fiscal 2015 levy was based, was \$740,061,497 (market value less exemptions).

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. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. 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, 2015 was \$0.575507 per \$100 of assessed value, which means that the City has a tax margin of \$1.924493 for each \$100 value. The City may not, however, adopt a tax rate that exceeds the rollback rate or the effective rate, whichever is lower, without first having two public hearings. If the City adopts a tax rate that exceeds the rollback tax rate, registered voters may petition the City for an election on the tax increase. A successful election limits the City's current tax rate to the rollback rate.

Property taxes are recorded as receivables and deferred inflows of resources at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: INTERFUND TRANSACTIONS

Transfers consisted of the following:

		<u>PURPOSE</u>
Capital Projects		
Transfers from General Fund	\$ (247,479)	Program Supplement
Transfers from CIED Fund	(163,324)	Program Supplement
Transfers from Court Technology Fund	(30,000)	Program Supplement
Transfers from Community Center	(20,000)	Program Supplement
Transfers from Water and Wastewater Fund	(70,000)	Program Supplement
Transfers from Police Forfeiture	<u>(50,000)</u>	Program Supplement
 TOTAL CAPITAL PROJECTS FUND	 (580,803)	
Building Security Fund		
Transfers from General Fund	<u>(10,000)</u>	Program Supplement
 TOTAL TRANSFERS	 <u>\$ (590,803)</u>	

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 6: CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended September 30, 2015 was as follows:

	<u>BEGINNING BALANCE</u>	<u>RECLASS AND ADDITIONS</u>	<u>RECLASS AND DELETIONS</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 817,346	\$ -	\$ -	\$ 817,346
Construction in Progress	<u>3,037,014</u>	<u>3,398,408</u>	<u>-</u>	<u>6,435,422</u>
Total Capital Assets not being Depreciated	<u>3,854,360</u>	<u>3,398,408</u>	<u>-</u>	<u>7,252,768</u>
Capital Assets being Depreciated				
Buildings	3,872,271	-	-	3,872,271
Transportation and Equipment Infrastructure	<u>5,527,139</u>	<u>10,393</u>	<u>(165,644)</u>	<u>5,371,888</u>
Total Capital Assets being Depreciated	<u>11,079,412</u>	<u>-</u>	<u>-</u>	<u>11,079,412</u>
Total Capital Assets being Depreciated	<u>20,478,822</u>	<u>10,393</u>	<u>(165,644)</u>	<u>20,323,571</u>
Less Accumulated Depreciation:				
Buildings	(1,557,111)	(67,687)	-	(1,624,798)
Transportation and Equipment Infrastructure	<u>(3,758,138)</u>	<u>(330,267)</u>	<u>165,644</u>	<u>(3,922,761)</u>
Total Accumulated Depreciation	<u>(6,696,043)</u>	<u>(169,758)</u>	<u>-</u>	<u>(6,865,801)</u>
Total Accumulated Depreciation	<u>(12,011,292)</u>	<u>(567,712)</u>	<u>165,644</u>	<u>(12,413,360)</u>
Total Capital Assets being Depreciated - Net	<u>8,467,530</u>	<u>(557,319)</u>	<u>-</u>	<u>7,910,211</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 12,321,890</u>	<u>\$ 2,841,089</u>	<u>\$ -</u>	<u>\$ 15,162,979</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 113,227	\$ -	\$ -	\$ 113,227
Water Rights	<u>1,313,803</u>	<u>217,869</u>	<u>-</u>	<u>1,531,672</u>
Total Capital Assets not being Depreciated	<u>1,427,030</u>	<u>217,869</u>	<u>-</u>	<u>1,644,899</u>
Capital Assets being Depreciated				
Buildings	25,403	-	-	25,403
Improvements Other than Buildings	6,730,299	-	-	6,730,299
Transportation and Equipment	<u>640,029</u>	<u>7,895</u>	<u>-</u>	<u>647,924</u>
Total Capital Assets being Depreciated	<u>7,395,731</u>	<u>7,895</u>	<u>-</u>	<u>7,403,626</u>
Less Accumulated Depreciation				
Buildings	(19,117)	(410)	-	(19,527)
Improvements Other than Buildings	<u>(4,241,509)</u>	<u>(135,813)</u>	<u>-</u>	<u>(4,377,322)</u>
Transportation and Equipment	<u>(505,009)</u>	<u>(32,725)</u>	<u>-</u>	<u>(537,734)</u>
Total Accumulated Depreciation	<u>(4,765,635)</u>	<u>(168,948)</u>	<u>-</u>	<u>(4,934,583)</u>
Total Capital Assets being Depreciated - Net	<u>2,630,096</u>	<u>(161,053)</u>	<u>-</u>	<u>2,469,043</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 4,057,126</u>	<u>\$ 56,816</u>	<u>\$ -</u>	<u>\$ 4,113,942</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities

Administration	\$ 60,169
Public Safety	230,400
Public Works	167,047
Parks and Recreation	32,283
Community Development	61,293
Library	<u>16,520</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 567,712

Business-Type Activities

Water and Wastewater Utilities	<u>\$ 168,948</u>
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NOTE 7: LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2015 were comprised of the following individual issues:

	BALANCE 9/30/2014	ADDITIONS	PAYMENTS	BALANCE 9/30/2015	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Refunding Bonds, Series 2009 Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 1,240,000	\$ -	\$ (295,000)	\$ 945,000	\$305,000
Public Property Finance Contract, 2009 Original Amount of \$1,060,000 Interest Rate of 4.42%	870,000	-	(45,000)	825,000	45,000
General Obligation Bonds, Series 2012 Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	6,885,000	-	(90,000)	6,795,000	95,000
Issuance Premium	<u>124,096</u>	<u>-</u>	<u>(6,959)</u>	<u>117,137</u>	<u>6,959</u>
Subtotal	9,119,096	-	(436,959)	8,682,137	\$451,959
Compensated Absences	<u>451,436</u>	<u>164,736</u>	<u>(112,859)</u>	<u>503,313</u>	<u>125,828</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 9,570,532</u>	<u>\$ 164,736</u>	<u>\$ (549,818)</u>	<u>\$ 9,185,450</u>	<u>\$ 577,787</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 78,641</u>	<u>\$ 11,838</u>	<u>\$ (19,660)</u>	<u>\$ 70,819</u>	<u>\$ 17,705</u>

In the past, the general fund and the water and wastewater fund were used to liquidate compensated absences.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 7: LONG-TERM DEBT (CONTINUED)

The General Obligation Refunding Bonds, Series 2009 were issued to refund the 1998 Certificates of Obligation and the 2000 Tax Notes which were for capital improvements and equipment. The 2009 Public Property Finance Contract was used to purchase a fire truck. The General Obligation Bonds, Series 2012 were issued for construction of new City facilities.

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2015, including interest payments, are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2016	\$ 445,000	\$ 233,370	\$ 678,370
2017	460,000	219,505	679,505
2018	475,000	203,810	678,810
2019	440,000	193,498	633,498
2020	450,000	183,741	633,741
2021-2025	2,405,000	758,528	3,163,528
2026-2030	2,715,000	424,956	3,139,956
2031-2032	<u>1,175,000</u>	<u>57,525</u>	<u>1,232,525</u>
	<u>\$ 8,565,000</u>	<u>\$ 2,274,933</u>	<u>\$ 10,839,933</u>

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. 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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

B. Benefits Provided (Continued)

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 payments 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-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 6%, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	48
Active employees	<u>99</u>
Total	<u>226</u>

C. 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 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.56% and 15.88% for calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$736,316, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

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 Healthy 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 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

The target allocation and best estimates of arithmetic 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	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. 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

	<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at December 31, 2013	\$ 36,144,116	\$ 33,279,600	\$ 2,864,516
Changes for the year:			
Service Cost	645,011	-	645,011
Interest	2,491,971	-	2,491,971
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(806,336)	-	(806,336)
Changes of Assumptions	-	-	-
Contributions - Employer	-	769,208	(769,208)
Contributions - Employee	-	282,279	(282,279)
Net Investment Income	-	1,903,667	(1,903,667)
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)	(1,734,074)	-
Administrative Expense	-	(19,877)	19,877
Other Changes	-	(1,633)	1,633
Net Changes	<u>596,572</u>	<u>1,199,570</u>	<u>(602,998)</u>
Balance at December 31, 2014	<u>\$ 36,740,688</u>	<u>\$ 34,479,170</u>	<u>\$ 2,261,518</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
City's Net Pension Liability	\$ 7,276,971	\$ 2,261,518	\$ (1,867,884)

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.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized a decrease in pension expense of \$344,691.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ (609,380)
Changes in Actuarial Assumptions	-	-
Difference Between Projected and Actual Investment Earnings	340,724	-
Contributions Subsequent to the Measurement Date	<u>584,859</u>	<u>-</u>
Total	<u>\$ 925,583</u>	<u>\$ (609,380)</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The City reported \$925,583 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2015	\$	(111,775)
2016		(111,775)
2017		(111,775)
2018		66,669
2019		-
Thereafter		-
Total	\$	<u>(268,656)</u>

F. Supplemental Death Benefits Fund

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.

G. Benefits

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 post-employment benefit" or OPEB.

H. Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were \$10,339, \$9,739, and \$11,927, respectively, which equaled the required contributions each year.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 9: FUND BALANCE CATEGORIES

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Non-Spendable			
Prepaid Expenditures	\$ 44,015	\$ 1,990	\$ 46,005
Inventory	12,427	-	12,427
	<u>56,442</u>	<u>1,990</u>	<u>58,432</u>
Restricted			
Capital Projects	-	1,332,387	1,332,387
Public Education Grants	114,636	-	114,636
Park Bucks Program	326	-	326
Debt Service	-	286,736	286,736
State Police Forfeiture	-	3,465	3,465
Federal Police Forfeiture	-	337,513	337,513
Building Security	-	1,482	1,482
Court Technology	-	5,808	5,808
Child Safety	-	12,566	12,566
Crime Control and Prevention District	-	248,112	248,112
Street Maintenance Tax	-	646,873	646,873
	<u>114,962</u>	<u>2,874,942</u>	<u>2,989,904</u>
Committed			
Natural or Man-Made Disasters	900,000	-	900,000
CIED	-	664,842	664,842
	<u>900,000</u>	<u>664,842</u>	<u>1,564,842</u>
Assigned			
Tree Mitigation and Replacement	25,275	-	25,275
Community and Conference Center	-	111,139	111,139
	<u>25,275</u>	<u>111,139</u>	<u>136,414</u>
Unassigned	<u>2,779,498</u>	<u>-</u>	<u>2,779,498</u>
TOTALS	<u>\$ 3,876,177</u>	<u>\$ 3,652,913</u>	<u>\$ 7,529,090</u>

City Council established a policy where by \$900,000 may only be spent for natural or man-made disasters. That amount is reported as committed fund balance.

NOTE 10: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 10: CONTINGENCIES (CONTINUED)

The Leon Valley Economic Development Corporation (LVEDC) is a named defendant in a civil suit against the LVEDC for the breach of an agreement to assist in the development of certain property. A verdict against the LVEDC was issued in April 2015 with penalties in the amount of \$2.6 million dollars to be paid by the LVEDC. The LVEDC is appealing the verdict and believes they can reverse the penalties against the LVEDC.

NOTE 11: 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 contribution amounts. During the past three years, no settlements have exceeded insurance coverage.

NOTE 12: RESTATEMENT OF NET POSITION

Governmental and Business Type Activities

The beginning net position of the governmental activities has been restated to record a prior period adjustment to correct a capital asset disposal for \$(187,051).

Additionally, the City adopted GASB Statement No. 68, Accounting and Reporting for Pensions. With the adoption of this standard, the City is required to recognize their specific pension amounts, which include net pension liability (NPL), deferred outflows and inflows of resources, and pension expense. Adoption of GASB No. 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment for the governmental and business type activities were \$(1,906,725) and \$(383,282), respectively. The restated net position for the governmental and business type activities is \$11,578,178 and \$6,540,235, respectively. A reconciliation is as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position	\$ 13,671,954	\$ 6,923,517
Capital Asset Disposal in a Prior Period	(187,051)	-
Restatement for Net Pension Liability - GASB 68	(1,906,725)	(383,282)
Beginning Fund Balance, Net Position as Restated	\$ 11,578,178	\$ 6,540,235

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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 in Net Pension Liability and Related Ratios – Last 10 years
- Schedule of Contributions – Last 10 Fiscal Years

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	BUDGET AMOUNTS		2015 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL
	ORIGINAL	FINAL			
REVENUES					
Property Taxes	\$ 3,316,280	\$ 3,316,280	\$ 3,434,382	\$ 118,102	\$ 3,286,957
Sales Taxes	2,124,190	2,124,190	2,242,189	117,999	2,245,559
Franchise Fees	840,098	840,098	898,466	58,368	857,932
Licenses, Permits, Fees and Fines	997,375	997,375	885,450	(111,925)	966,172
Grants	-	-	5,583	5,583	5,323
Other	160,637	160,637	156,976	(3,661)	196,256
Total Revenues	<u>7,438,580</u>	<u>7,438,580</u>	<u>7,623,046</u>	<u>184,466</u>	<u>7,558,199</u>
EXPENDITURES					
Administration					
Business Office					
Personnel Services	79,471	79,471	77,675	1,796	67,247
Supplies	9,130	9,130	9,145	(15)	6,954
Contracted Services	76,552	76,552	56,202	20,350	52,562
Total Business Office	<u>165,153</u>	<u>165,153</u>	<u>143,022</u>	<u>22,131</u>	<u>126,763</u>
Finance and Accounting					
Personnel Services	142,822	142,822	142,661	161	132,923
Supplies	5,600	5,600	5,092	508	5,624
Contracted Services	71,705	71,705	66,431	5,274	66,943
Total Finance and Accounting	<u>220,127</u>	<u>220,127</u>	<u>214,184</u>	<u>5,943</u>	<u>205,490</u>
Council and Manager					
Personnel Services	255,684	275,260	259,917	15,343	218,692
Supplies	42,440	42,440	23,248	19,192	14,522
Contracted Services	191,148	231,148	249,671	(18,523)	178,197
Capital Outlay	-	-	10,393	(10,393)	-
Total Council and Manager	<u>489,272</u>	<u>548,848</u>	<u>543,229</u>	<u>5,619</u>	<u>411,411</u>
Total Administration	<u>874,552</u>	<u>934,128</u>	<u>900,435</u>	<u>33,693</u>	<u>743,664</u>
Public Safety					
Law Enforcement Administration					
Personnel Services	331,812	331,812	266,891	64,921	293,587
Supplies	7,250	7,250	24,852	(17,602)	3,675
Contracted Services	69,228	69,228	56,743	12,485	64,860
Capital Outlay	18,300	18,300	-	18,300	-
Total Law Enforcement Administration	<u>426,590</u>	<u>426,590</u>	<u>348,486</u>	<u>78,104</u>	<u>362,122</u>
Law Enforcement Patrol					
Personnel Services	1,193,154	1,193,154	1,155,661	37,493	1,135,696
Supplies	84,000	84,000	95,042	(11,042)	73,440
Contracted Services	29,400	29,400	15,063	14,337	5,060
Total Law Enforcement Patrol	<u>1,306,554</u>	<u>1,306,554</u>	<u>1,265,766</u>	<u>40,788</u>	<u>1,214,196</u>
Law Enforcement Communications					
Personnel Services	288,019	288,019	271,461	16,558	228,049
Supplies	2,200	2,200	1,058	1,142	1,256
Contracted Services	3,300	3,300	10,951	(7,651)	1,576
Total Law Enforcement Communications	<u>293,519</u>	<u>293,519</u>	<u>283,470</u>	<u>10,049</u>	<u>230,881</u>

CITY OF LEON VALLEY, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL- GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2015
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	BUDGET AMOUNTS		2015 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL
	ORIGINAL	FINAL			
<u>EXPENDITURES (CONTINUED)</u>					
Public Safety (Continued)					
Law Enforcement Investigations					
Personnel Services	\$ 231,246	\$ 231,246	\$ 164,354	\$ 66,892	\$ 261,033
Supplies	2,700	2,700	2,375	325	676
Contracted Services	<u>5,350</u>	<u>5,350</u>	<u>541</u>	<u>4,809</u>	<u>914</u>
Total Law Enforcement Investigations	<u>239,296</u>	<u>239,296</u>	<u>167,270</u>	<u>72,026</u>	<u>262,623</u>
Law Enforcement Narcotics					
Personnel Services	77,974	77,974	72,678	5,296	73,765
Contracted Services	<u>136</u>	<u>136</u>	<u>109</u>	<u>27</u>	<u>109</u>
Total Law Enforcement Narcotics	<u>78,110</u>	<u>78,110</u>	<u>72,787</u>	<u>5,323</u>	<u>73,874</u>
Fire Protection Administration					
Personnel Services	224,354	224,354	218,760	5,594	201,667
Supplies	4,914	4,914	57,271	(52,357)	5,520
Contracted Services	36,223	36,223	27,030	9,193	33,444
Capital Outlay	<u>51,300</u>	<u>51,300</u>	<u>-</u>	<u>51,300</u>	<u>-</u>
Total Fire Protection Administration	<u>316,791</u>	<u>316,791</u>	<u>303,061</u>	<u>13,730</u>	<u>240,631</u>
Fire Protection Operations					
Personnel Services	1,694,975	1,694,975	1,676,299	18,676	1,527,928
Supplies	31,237	31,237	31,194	43	35,905
Contracted Services	70,830	76,413	86,131	(9,718)	76,939
Capital Outlay	<u>9,400</u>	<u>9,400</u>	<u>-</u>	<u>9,400</u>	<u>170,737</u>
Total Fire Protection Operations	<u>1,806,442</u>	<u>1,812,025</u>	<u>1,793,624</u>	<u>18,401</u>	<u>1,811,509</u>
Emergency Medical Services					
Supplies	39,610	39,610	40,390	(780)	27,641
Contracted Services	68,576	68,576	65,307	3,269	77,804
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,280</u>
Total Emergency Medical Services	<u>108,186</u>	<u>108,186</u>	<u>105,697</u>	<u>2,489</u>	<u>112,725</u>
Total Public Safety	<u>4,575,488</u>	<u>4,581,071</u>	<u>4,340,161</u>	<u>240,910</u>	<u>4,308,561</u>
Public Works					
Public Works					
Personnel Services	742,935	742,935	739,868	3,067	659,706
Supplies	145,500	145,500	164,266	(18,766)	140,811
Contracted Services	269,215	276,915	243,485	33,430	258,439
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>102,876</u>
Total Public Works	<u>1,177,650</u>	<u>1,185,350</u>	<u>1,147,619</u>	<u>37,731</u>	<u>1,161,832</u>
Parks and Recreation					
Personnel Services	88,146	88,146	63,115	25,031	78,277
Supplies	15,000	15,000	28,859	(13,859)	62,314
Contracted Services	60,590	60,590	50,820	9,770	17,052
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>46,380</u>
Total Parks and Recreation	<u>183,736</u>	<u>183,736</u>	<u>142,794</u>	<u>40,942</u>	<u>204,023</u>

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	BUDGET AMOUNTS		2015 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2014 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Library					
Personnel Services	\$ 268,630	\$ 268,630	\$ 247,120	\$ 21,510	\$ 210,324
Supplies	24,314	24,314	30,876	(6,562)	32,641
Contracted Services	46,249	46,249	39,053	7,196	45,906
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total Library	<u>359,193</u>	<u>359,193</u>	<u>317,049</u>	<u>42,144</u>	<u>288,871</u>
Development Activities					
Community Development/Events					
Personnel Services	110,882	110,882	96,624	14,258	102,514
Supplies	5,400	5,400	5,173	227	2,869
Contracted Services	96,378	103,878	115,812	(11,934)	95,878
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Community Development/Events	<u>212,660</u>	<u>220,160</u>	<u>217,609</u>	<u>2,551</u>	<u>201,261</u>
Special Events					
Personnel Services	12,118	12,118	8,850	3,268	10,188
Supplies	85,450	85,450	55,515	29,935	62,888
Contracted Services	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>	<u>-</u>
Total Special Events	<u>97,568</u>	<u>97,568</u>	<u>94,365</u>	<u>3,203</u>	<u>73,076</u>
Economic Development					
Personnel Services	127,082	127,082	113,709	13,373	110,632
Supplies	4,700	4,700	3,989	711	2,228
Contracted Services	13,993	56,293	38,118	18,175	10,654
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,049</u>
Total Economic Development	<u>145,775</u>	<u>188,075</u>	<u>155,816</u>	<u>32,259</u>	<u>147,563</u>
Total Development Activities	<u>456,003</u>	<u>505,803</u>	<u>467,790</u>	<u>38,013</u>	<u>421,900</u>
Total Expenditures	<u>7,626,622</u>	<u>7,749,281</u>	<u>7,315,848</u>	<u>433,433</u>	<u>7,128,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(188,042)</u>	<u>(310,701)</u>	<u>307,198</u>	<u>617,899</u>	<u>429,348</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	<u>(207,479)</u>	<u>(257,479)</u>	<u>(257,479)</u>	<u>-</u>	<u>(129,997)</u>
Total Other Financing Sources (Uses)	<u>(207,479)</u>	<u>(257,479)</u>	<u>(257,479)</u>	<u>-</u>	<u>(129,997)</u>
Net Change in Fund Balance	(395,521)	(568,180)	49,719	617,899	299,351
FUND BALANCE - BEGINNING	<u>3,826,458</u>	<u>3,826,458</u>	<u>3,826,458</u>	<u>-</u>	<u>3,652,107</u>
RESTATEMENT OF FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
FUND BALANCE - BEGINNING RESTATED	<u>3,826,458</u>	<u>3,826,458</u>	<u>3,826,458</u>	<u>-</u>	<u>3,527,107</u>
FUND BALANCE - ENDING	<u>\$ 3,430,937</u>	<u>\$ 3,258,278</u>	<u>\$ 3,876,177</u>	<u>\$ 617,899</u>	<u>\$ 3,826,458</u>

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS - LAST 10 YEARS*

	2014
Total Pension Liability	
Service Cost	\$ 645,011
Interest (on the Total Pension Liability)	2,491,971
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(806,336)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,734,074)</u>
Net Change in Total Pension Liability	596,572
Total Pension Liability - Beginning	<u>36,144,116</u>
Total Pension Liability - Ending (a)	<u><u>\$ 36,740,688</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 769,208
Contributions - Employee	282,279
Net Investment Income	1,903,667
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)
Administrative Expense	(19,877)
Other	<u>(1,634)</u>
Net Change in Plan Fiduciary Net Position	1,199,569
Plan Fiduciary Net Position - Beginning	<u>33,279,600</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 34,479,169</u></u>
Net Pension Liability (a) - (b)	<u><u>\$ 2,261,519</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.84%
Covered Employee Payroll	\$ 4,704,649
Net Pension Liability as a Percentage of Total Covered Employee Payroll	48.07%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS - LAST 10 YEARS*

	<u>2014</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 755,270	\$ 779,557
Contributions in Relation to the Actuarially Determined Contributions	<u>755,270</u>	<u>779,557</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	<u>\$ 4,586,581</u>	<u>\$ 4,923,162</u>
Contributions as a Percentage of Covered Employee Payroll	16.47%	15.83%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the first year of implementation of GASB 68. The City will develop the schedule prospectively.

CITY OF LEON VALLEY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2015

NOTE 1: BUDGETARY INFORMATION

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

Budgetary preparation and control is exercised at the fund level. The city manager is authorized to transfer budget amounts between accounts within a department. These transfers cannot increase the overall budgeted expenditures.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 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	3.00%
Salary Increases	3.5% to 12.00% Including Inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009. 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	

Other Information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes combining nonmajor individual fund statements which are not required by the GASB, nor a part of the basic financial statements.

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and expenditures that are legally restricted for a specific purpose.

- **Community Center** – Accounts for hotel occupancy tax revenues and expenditures, funding mainly the community and conference centers.
- **Grants Fund** – Accounts for grant revenues received from other governments and the related expenditures.
- **Crime Control and Prevention District** – Accounts for sales tax collection for public safety operations. This special district tax was approved by voters in May 2014.
- **Child Safety Fund** – Accounts for the drug awareness and prevention program, school crossing guards, and other child safety programs.
- **State Police Forfeiture Fund** – Accounts for revenues from seized assets and the allowed expenditure of that revenue.
- **Federal Police Forfeiture Fund** – Accounts for revenues from seized assets in federal cases and the allowed expenditure of that revenue.
- **Building Security Fund** – Accounts for a portion of municipal fines that are allocated to building security and the allowed expenditures.
- **Court Technology** – Accounts for a portion of municipal fines that are allocated to court technology and the allowed expenditures.
- **CIED Fund** – Accounts for CPS Energy collections to be used for ongoing City operations.
- **Street Maintenance Fund** – Accounts for sales tax collections for street maintenance. This special tax was approved by voters in November 2007.

DEBT SERVICE FUND

The debt service fund is used to account for the accumulation of resources and the related disbursement for the retirement of long-term debt.

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CITY OF LEON VALLEY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>COMMUNITY CENTER</u>	<u>GRANTS</u>	<u>CRIME CONTROL AND PREVENTION DISTRICT</u>	<u>CHILD SAFETY</u>	<u>STATE POLICE FORFEITURE</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 125,374	\$ 521	\$ 207,901	\$ 11,729	\$ 3,465
Accounts Receivable - Net of Allowance					
Property Taxes	-	-	-	-	-
Special Assessment	-	-	-	-	-
Other	14,839	-	-	1,052	-
Prepaid Items	819	-	1,171	-	-
Due from Other Governments	-	-	44,765	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 141,032</u>	<u>\$ 521</u>	<u>\$ 253,837</u>	<u>\$ 12,781</u>	<u>\$ 3,465</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,709	\$ -	\$ 7	\$ -	\$ -
Accrued Expenditures	1,084	-	4,547	215	-
Deposits Payable	26,802	-	-	-	-
Total Liabilities	<u>29,595</u>	<u>-</u>	<u>4,554</u>	<u>215</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	-	-	-	-	-
<u>FUND BALANCES</u>					
Nonspendable	819	-	1,171	-	-
Restricted	-	-	248,112	12,566	3,465
Committed	-	-	-	-	-
Assigned	110,618	521	-	-	-
Total Fund Balances	<u>111,437</u>	<u>521</u>	<u>249,283</u>	<u>12,566</u>	<u>3,465</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 141,032</u>	<u>\$ 521</u>	<u>\$ 253,837</u>	<u>\$ 12,781</u>	<u>\$ 3,465</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>CIED</u>	<u>STREET MAINTENANCE TAX</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ 346,423	\$ 1,773	\$ 5,823	\$ 665,321	\$ 394,160	\$ 286,736	\$ 2,049,226
-	-	-	-	-	23,357	23,357
-	-	-	-	-	11,744	11,744
-	-	-	-	170,747	-	186,638
-	-	-	-	-	-	1,990
-	-	-	-	94,621	-	139,386
<u>\$ 346,423</u>	<u>\$ 1,773</u>	<u>\$ 5,823</u>	<u>\$ 665,321</u>	<u>\$ 659,528</u>	<u>\$ 321,837</u>	<u>\$ 2,412,341</u>
\$ 8,910	\$ 1	\$ 15	\$ 479	\$ -	\$ -	\$ 11,121
-	290	-	-	12,655	-	18,791
-	-	-	-	-	-	26,802
<u>8,910</u>	<u>291</u>	<u>15</u>	<u>479</u>	<u>12,655</u>	<u>-</u>	<u>56,714</u>
-	-	-	-	-	35,101	35,101
-	-	-	-	-	-	1,990
337,513	1,482	5,808	-	646,873	286,736	1,542,555
-	-	-	664,842	-	-	664,842
-	-	-	-	-	-	111,139
<u>337,513</u>	<u>1,482</u>	<u>5,808</u>	<u>664,842</u>	<u>646,873</u>	<u>286,736</u>	<u>2,320,526</u>
<u>\$ 346,423</u>	<u>\$ 1,773</u>	<u>\$ 5,823</u>	<u>\$ 665,321</u>	<u>\$ 659,528</u>	<u>\$ 321,837</u>	<u>\$ 2,412,341</u>

CITY OF LEON VALLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>COMMUNITY CENTER</u>	<u>GRANTS</u>	<u>CRIME CONTROL AND PREVENTION DISTRICT</u>	<u>CHILD SAFETY</u>	<u>STATE POLICE FORFEITURE</u>
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	95,573	-	258,121	-	-
Franchise Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	13,621	-
Grants	-	3,269	-	-	-
Rent	86,661	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>182,234</u>	<u>3,269</u>	<u>258,121</u>	<u>13,621</u>	<u>-</u>
<u>EXPENDITURES</u>					
Current					
Administration	-	-	-	-	-
Public Safety	-	2,748	123,350	13,709	-
Public Works	-	-	-	-	-
Community Development	156,934	-	-	-	-
Capital Outlay	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	<u>156,934</u>	<u>2,748</u>	<u>123,350</u>	<u>13,709</u>	<u>-</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	25,300	521	134,771	(88)	-
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	-
Transfers Out	(20,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	5,300	521	134,771	(88)	-
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>106,137</u>	<u>-</u>	<u>114,512</u>	<u>12,654</u>	<u>3,465</u>
FUND BALANCES AT END OF YEAR	<u>\$ 111,437</u>	<u>\$ 521</u>	<u>\$ 249,283</u>	<u>\$ 12,566</u>	<u>\$ 3,465</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>CIED</u>	<u>STREET MAINTENANCE TAX</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 708,686	\$ 708,686
-	-	-	-	549,731	-	903,425
-	-	-	75,895	-	-	75,895
231,910	7,940	10,572	-	-	-	264,043
-	-	-	-	-	-	3,269
-	-	-	-	-	-	86,661
122	-	-	414	354	-	890
-	-	-	-	170,747	-	170,747
<u>232,032</u>	<u>7,940</u>	<u>10,572</u>	<u>76,309</u>	<u>720,832</u>	<u>708,686</u>	<u>2,213,616</u>
-	-	17,264	43,815	-	-	61,079
107,884	21,224	-	-	-	-	268,915
-	-	-	-	1,091,045	-	1,091,045
-	-	-	-	-	-	156,934
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	430,000	430,000
-	-	-	-	-	245,946	245,946
-	-	-	-	-	2,250	2,250
<u>107,884</u>	<u>21,224</u>	<u>17,264</u>	<u>43,815</u>	<u>1,091,045</u>	<u>678,196</u>	<u>2,256,169</u>
124,148	(13,284)	(6,692)	32,494	(370,213)	30,490	(42,553)
-	10,000	-	-	-	-	10,000
(50,000)	-	(30,000)	(163,324)	-	-	(263,324)
(50,000)	10,000	(30,000)	(163,324)	-	-	(253,324)
74,148	(3,284)	(36,692)	(130,830)	(370,213)	30,490	(295,877)
<u>263,365</u>	<u>4,766</u>	<u>42,500</u>	<u>795,672</u>	<u>1,017,086</u>	<u>256,246</u>	<u>2,616,403</u>
<u>\$ 337,513</u>	<u>\$ 1,482</u>	<u>\$ 5,808</u>	<u>\$ 664,842</u>	<u>\$ 646,873</u>	<u>\$ 286,736</u>	<u>\$ 2,320,526</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>					
Hotel/Motel Taxes	\$ 85,000	\$ 85,000	\$ 95,573	\$ 10,573	\$ 95,479
Rent	75,470	75,470	86,661	11,191	91,125
Total Revenues	<u>160,470</u>	<u>160,470</u>	<u>182,234</u>	<u>21,764</u>	<u>186,604</u>
<u>EXPENDITURES</u>					
Current					
Community Development	151,063	163,163	156,934	6,229	185,217
Total Expenditures	<u>151,063</u>	<u>163,163</u>	<u>156,934</u>	<u>6,229</u>	<u>185,217</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	-	<u>(20,000)</u>
Net Change In Fund Balance	(10,593)	(22,693)	5,300	15,535	(18,613)
<u>FUND BALANCE - BEGINNING</u>	<u>106,137</u>	<u>106,137</u>	<u>106,137</u>	-	<u>124,750</u>
FUND BALANCE - ENDING	<u>\$ 95,544</u>	<u>\$ 83,444</u>	<u>\$ 111,437</u>	<u>\$ 15,535</u>	<u>\$ 106,137</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Grants	\$ 2,761	\$ 3,269	\$ 508	\$ -
<u>EXPENDITURES</u>				
Current				
Public Safety	2,781	2,748	33	-
Net Change In Fund Balance	(20)	521	541	-
<u>FUND BALANCE - BEGINNING</u>	-	-	-	-
FUND BALANCE - ENDING	<u>\$ (20)</u>	<u>\$ 521</u>	<u>\$ 541</u>	<u>\$ -</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2015 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2014 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Forfeitures	\$ 13,190	\$ 13,621	\$ 431	\$ 13,089
<u>EXPENDITURES</u>				
Current				
Public Safety	14,605	13,709	896	10,453
Net Change in Fund Balance	(1,415)	(88)	1,327	2,636
<u>FUND BALANCE - BEGINNING</u>	<u>12,654</u>	<u>12,654</u>	<u>-</u>	<u>10,018</u>
FUND BALANCE - ENDING	<u>\$ 11,239</u>	<u>\$ 12,566</u>	<u>\$ 1,327</u>	<u>\$ 12,654</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2015 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2014 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ -	\$ -	\$ 3,465
<u>EXPENDITURES</u>				
Current				
Public Safety	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	-	-	(38,198)
Net Change In Fund Balance	-	-	-	(34,733)
<u>FUND BALANCE - BEGINNING</u>	<u>3,465</u>	<u>3,465</u>	<u>-</u>	<u>38,198</u>
FUND BALANCE - ENDING	<u>\$ 3,465</u>	<u>\$ 3,465</u>	<u>\$ -</u>	<u>\$ 3,465</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL BUDGET	FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	\$ -	\$ -	\$ 231,910	\$ 231,910	\$ 86,925
Interest	-	-	122	122	100
Miscellaneous	-	-	-	-	5,802
Total Revenues	<u>-</u>	<u>-</u>	<u>232,032</u>	<u>232,032</u>	<u>92,827</u>
<u>EXPENDITURES</u>					
Current					
Public Safety	83,908	124,963	107,884	17,079	93,808
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>117,690</u>
Total Expenditures	<u>108,908</u>	<u>149,963</u>	<u>107,884</u>	<u>42,079</u>	<u>211,498</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net Change In Fund Balance	(108,908)	(149,963)	74,148	139,953	(118,671)
<u>FUND BALANCE - BEGINNING</u>	<u>263,365</u>	<u>263,365</u>	<u>263,365</u>	<u>-</u>	<u>382,036</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 154,457</u>	<u>\$ 113,402</u>	<u>\$ 337,513</u>	<u>\$ 139,953</u>	<u>\$ 263,365</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING SECURITY FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Forfeitures	\$ 11,300	\$ 7,940	\$ (3,360)	\$ 11,703
<u>EXPENDITURES</u>				
Current				
Public Safety	23,275	21,224	2,051	20,459
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,000	10,000	-	13,000
Net Change in Fund Balance	(1,975)	(3,284)	(1,309)	4,244
<u>FUND BALANCE - BEGINNING</u>	4,766	4,766	-	522
FUND BALANCE - ENDING	\$ 2,791	\$ 1,482	\$ (1,309)	\$ 4,766

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2015 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2014 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Forfeitures	\$ 15,130	\$ 10,572	\$ (4,558)	\$ 15,591
<u>EXPENDITURES</u>				
Current				
Administration	<u>20,000</u>	<u>17,264</u>	<u>2,736</u>	<u>23,628</u>
Total Expenditures	<u>20,000</u>	<u>17,264</u>	<u>2,736</u>	<u>23,628</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	(34,870)	(36,692)	(7,294)	(8,037)
<u>FUND BALANCE - BEGINNING</u>	<u>42,500</u>	<u>42,500</u>	<u>-</u>	<u>50,537</u>
FUND BALANCE - ENDING	<u>\$ 7,630</u>	<u>\$ 5,808</u>	<u>\$ (7,294)</u>	<u>\$ 42,500</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CIED FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ 66,000	\$ 75,895	\$ 9,895	\$ 37,242
Contributions	1,200,000	-	(1,200,000)	-
Interest	-	414	414	386
Total Revenues	<u>1,266,000</u>	<u>76,309</u>	<u>(1,189,691)</u>	<u>37,628</u>
<u>EXPENDITURES</u>				
Current				
Administration	1,908,692	43,815	1,864,877	2,550
Capital Outlay	-	-	-	506,422
Total Expenditures	<u>1,908,692</u>	<u>43,815</u>	<u>1,864,877</u>	<u>508,972</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	<u>(163,324)</u>	<u>(163,324)</u>	<u>-</u>	<u>(12,575)</u>
Net Change In Fund Balance	(806,016)	(130,830)	(3,054,568)	(483,919)
<u>FUND BALANCE - BEGINNING</u>	<u>795,672</u>	<u>795,672</u>	<u>-</u>	<u>1,279,591</u>
FUND BALANCE - ENDING	<u>\$ (10,344)</u>	<u>\$ 664,842</u>	<u>\$ (3,054,568)</u>	<u>\$ 795,672</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET MAINTENANCE TAX FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 523,472	\$ 549,731	\$ 26,259	\$ 553,819
Interest	-	354	354	196
Miscellaneous	-	170,747	170,747	-
Total Revenues	<u>523,472</u>	<u>720,832</u>	<u>197,360</u>	<u>554,015</u>
<u>EXPENDITURES</u>				
Current				
Public Works	<u>1,393,806</u>	<u>1,091,045</u>	<u>302,761</u>	<u>403,791</u>
Net Change In Fund Balance	(870,334)	(370,213)	500,121	150,224
<u>FUND BALANCE - BEGINNING</u>	<u>1,017,086</u>	<u>1,017,086</u>	<u>-</u>	<u>866,862</u>
FUND BALANCE - ENDING	<u>\$ 146,752</u>	<u>\$ 646,873</u>	<u>\$ 500,121</u>	<u>\$ 1,017,086</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	<u>\$ 683,397</u>	<u>\$ 708,686</u>	<u>\$ 25,289</u>	<u>\$ 725,476</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	430,000	430,000	-	420,000
Interest	245,947	245,946	1	257,121
Fiscal Agent Fees	<u>2,250</u>	<u>2,250</u>	-	<u>1,500</u>
Total Expenditures	<u>678,197</u>	<u>678,196</u>	<u>1</u>	<u>678,621</u>
Net Change In Fund Balance	5,200	30,490	25,290	46,855
<u>FUND BALANCE - BEGINNING</u>	<u>256,246</u>	<u>256,246</u>	<u>-</u>	<u>209,391</u>
FUND BALANCE - ENDING	<u>\$ 261,446</u>	<u>\$ 286,736</u>	<u>\$ 25,290</u>	<u>\$ 256,246</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2015
(WITH COMPARATIVE ACTUAL TOTALS FOR 2014)

	ORIGINAL AND FINAL BUDGET	2015 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014 ACTUAL AMOUNTS
<u>REVENUES</u>				
Interest	\$ 2,000	\$ 1,302	\$ (698)	\$ 2,062
<u>EXPENDITURES</u>				
Capital Outlay	5,615,570	3,398,408	2,217,162	2,933,727
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	580,803	580,803	-	207,770
Net Change In Fund Balance	(5,032,767)	(2,816,303)	(2,217,860)	(2,723,895)
<u>FUND BALANCE - BEGINNING</u>	<u>4,148,690</u>	<u>4,148,690</u>	<u>-</u>	<u>6,872,585</u>
FUND BALANCE - ENDING	<u>\$ (884,077)</u>	<u>\$ 1,332,387</u>	<u>\$ (2,217,860)</u>	<u>\$ 4,148,690</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Leon Valley’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Leon Valley’s overall financial health.

Contents Tables

Financial Trends 1 through 5

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity 6 through 11

These schedules contain information to help the reader assess the City’s most significant revenue sources.

Debt Capacity 12 through 16

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.

Demographic and Economic Information 17 through 18

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information 19 through 20

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

CITY OF LEON VALLEY, TEXAS
NET POSITION, BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 5,179,075	\$ 5,740,687	\$ 5,926,527	\$ 6,147,970	\$ 6,213,549
Restricted	681,139	201,168	264,984	193,145	132,581
Unrestricted	<u>2,357,840</u>	<u>2,904,940</u>	<u>3,644,114</u>	<u>3,707,802</u>	<u>4,180,108</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 8,218,054</u>	 <u>\$ 8,846,795</u>	 <u>\$ 9,835,625</u>	 <u>\$ 10,048,917</u>	 <u>\$ 10,526,238</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 3,666,494	\$ 3,783,149	\$ 3,645,700	\$ 3,635,029	\$ 3,897,305
Restricted	351,923	296,316	183,614	323,508	339,733
Unrestricted	<u>1,040,140</u>	<u>1,175,101</u>	<u>1,699,540</u>	<u>1,982,058</u>	<u>2,147,223</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 5,058,557</u>	 <u>\$ 5,254,566</u>	 <u>\$ 5,528,854</u>	 <u>\$ 5,940,595</u>	 <u>\$ 6,384,261</u>
<u>PRIMARY GOVERNMENT</u>					
Net Investment in Capital Assets	\$ 8,845,569	\$ 9,523,836	\$ 9,572,227	\$ 9,782,999	\$ 10,110,854
Restricted	1,033,062	497,484	448,598	516,653	472,314
Unrestricted	<u>3,397,980</u>	<u>4,080,041</u>	<u>5,343,654</u>	<u>5,689,860</u>	<u>6,327,331</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 13,276,611</u>	 <u>\$ 14,101,361</u>	 <u>\$ 15,364,479</u>	 <u>\$ 15,989,512</u>	 <u>\$ 16,910,499</u>

TABLE 1

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,639,798	\$ 5,934,633	\$ 6,374,117	\$ 7,414,439	\$ 7,696,092
101,101	101,677	157,074	90,494	1,657,517
<u>4,686,001</u>	<u>4,708,814</u>	<u>6,496,088</u>	<u>6,167,021</u>	<u>2,656,933</u>
<u>\$ 10,426,900</u>	<u>\$ 10,745,124</u>	<u>\$ 13,027,279</u>	<u>\$ 13,671,954</u>	<u>\$ 12,010,542</u>
\$ 4,138,854	\$ 3,998,041	\$ 3,867,460	\$ 4,057,126	\$ 4,113,942
568,056	762,316	1,066,500	993,268	908,705
<u>2,137,671</u>	<u>1,966,216</u>	<u>1,829,758</u>	<u>1,873,123</u>	<u>1,533,589</u>
<u>\$ 6,844,581</u>	<u>\$ 6,726,573</u>	<u>\$ 6,763,718</u>	<u>\$ 6,923,517</u>	<u>\$ 6,556,236</u>
\$ 9,778,652	\$ 9,932,674	\$ 10,241,577	\$ 11,471,565	\$ 11,810,034
669,157	863,993	1,223,574	1,083,762	2,566,222
<u>6,823,672</u>	<u>6,675,030</u>	<u>8,325,846</u>	<u>8,040,144</u>	<u>4,190,522</u>
<u>\$ 17,271,481</u>	<u>\$ 17,471,697</u>	<u>\$ 19,790,997</u>	<u>\$ 20,595,471</u>	<u>\$ 18,566,778</u>

CITY OF LEON VALLEY, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
Administration	\$ 1,190,047	\$ 765,492	\$ 779,729	\$ 805,391
Public Safety	3,878,951	4,231,521	4,193,145	4,439,516
Public Works	1,308,385	1,299,599	1,163,379	1,535,333
Parks and Recreation	144,467	86,603	128,203	100,777
Library	254,557	251,388	249,227	281,725
Community Development	118,381	604,406	583,206	680,352
Capital Outlay	-	-	-	-
Interest on Long-Term Debt	211,851	165,231	154,669	187,862
Total Governmental Activities	<u>7,106,639</u>	<u>7,404,240</u>	<u>7,251,558</u>	<u>8,030,956</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	<u>2,113,195</u>	<u>2,211,014</u>	<u>2,367,414</u>	<u>2,357,800</u>
Total Primary Government Expenses	<u>9,219,834</u>	<u>9,615,254</u>	<u>9,618,972</u>	<u>10,388,756</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
Administration	281,274	206,565	171,923	333,606
Public Safety	1,314,782	1,281,684	1,566,669	1,265,691
Parks and Recreation	10,363	11,110	12,375	12,145
Library	3,508	2,911	2,936	2,358
Community Development	194,989	127,078	112,260	133,177
Operating Grants and Contributions	304,252	70,218	-	127,151
Capital Grants and Contributions	-	552,430	-	59,499
Total Governmental Activities Program Revenues	<u>2,109,168</u>	<u>2,251,996</u>	<u>1,866,163</u>	<u>1,933,627</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	<u>2,297,797</u>	<u>2,227,540</u>	<u>2,508,220</u>	<u>2,638,172</u>
Total Primary Government Program Revenues	<u>4,406,965</u>	<u>4,479,536</u>	<u>4,374,383</u>	<u>4,571,799</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (4,997,471)	\$ (5,152,244)	\$ (5,385,395)	\$ (6,097,329)
Business-Type Activities	<u>184,602</u>	<u>16,526</u>	<u>140,806</u>	<u>280,372</u>
Total Primary Government Net Expenses	<u>(4,812,869)</u>	<u>(5,135,718)</u>	<u>(5,244,589)</u>	<u>(5,816,957)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	2,922,878	3,112,736	3,427,337	3,573,352
Franchise Taxes	1,602,192	607,967	639,332	656,329
Sales Taxes	596,851	1,781,223	1,927,881	2,045,615
Interest and Investment Earnings	152,920	204,546	128,903	35,325
Miscellaneous	102,648	74,513	164,229	-
Transfers	-	-	-	-
Total Governmental Activities	<u>5,377,489</u>	<u>5,780,985</u>	<u>6,287,682</u>	<u>6,310,621</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	42,340	73,948	44,841	14,634
Miscellaneous	12,582	15,634	53,137	32,953
Impact Fees	154,614	89,901	35,504	83,782
Transfers	-	-	-	-
Total Business-Type Activities	<u>209,536</u>	<u>179,483</u>	<u>133,482</u>	<u>131,369</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	380,018	628,741	902,287	213,292
Business-Type Activities	<u>394,138</u>	<u>196,009</u>	<u>274,288</u>	<u>411,741</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 774,156</u>	<u>\$ 824,750</u>	<u>\$ 1,176,575</u>	<u>\$ 625,033</u>

TABLE 2

2010	2011	2012	2013	2014	2015
\$ 940,156	\$ 849,230	\$ 764,140	\$ 910,636	\$ 828,573	\$ 983,952
4,525,947	4,502,741	4,344,695	4,335,920	4,536,351	4,701,582
1,624,573	1,715,642	1,714,581	1,140,612	1,650,987	2,363,083
144,742	135,728	117,840	113,792	186,386	169,947
274,701	264,260	322,688	322,587	302,721	320,572
664,712	666,326	610,394	566,113	641,724	676,880
-	-	-	-	-	-
122,184	117,639	107,645	275,120	248,324	239,237
<u>8,297,015</u>	<u>8,251,566</u>	<u>7,981,983</u>	<u>7,664,780</u>	<u>8,395,066</u>	<u>9,455,253</u>
<u>2,631,544</u>	<u>2,796,812</u>	<u>3,218,973</u>	<u>3,282,774</u>	<u>3,365,772</u>	<u>3,481,521</u>
<u>10,928,559</u>	<u>11,048,378</u>	<u>11,200,956</u>	<u>10,947,554</u>	<u>11,760,838</u>	<u>12,936,774</u>
330,541	288,791	595,568	298,947	284,034	258,388
1,589,362	1,082,149	849,832	833,662	803,036	694,303
15,010	16,790	16,186	15,544	15,586	13,850
1,987	3,102	2,329	1,972	3,490	3,521
97,399	118,723	119,382	97,193	168,648	166,775
9,953	49,602	117,275	82,626	95,028	240,763
218,790	81,683	-	372,585	-	170,747
<u>2,263,042</u>	<u>1,640,840</u>	<u>1,700,572</u>	<u>1,702,529</u>	<u>1,369,822</u>	<u>1,548,347</u>
<u>2,840,701</u>	<u>3,115,598</u>	<u>3,039,389</u>	<u>3,291,009</u>	<u>3,275,292</u>	<u>3,481,570</u>
<u>5,103,743</u>	<u>4,756,438</u>	<u>4,739,961</u>	<u>4,993,538</u>	<u>4,645,114</u>	<u>5,029,917</u>
\$ (6,033,973)	\$ (6,610,726)	\$ (6,281,411)	\$ (5,962,251)	\$ (7,025,244)	\$ (7,906,906)
<u>209,157</u>	<u>318,786</u>	<u>(179,584)</u>	<u>8,235</u>	<u>(90,480)</u>	<u>49</u>
<u>(5,824,816)</u>	<u>(6,291,940)</u>	<u>(6,460,995)</u>	<u>(5,954,016)</u>	<u>(7,115,724)</u>	<u>(7,906,857)</u>
3,552,821	3,522,321	3,550,430	3,834,233	4,021,701	4,122,721
2,207,901	728,548	708,434	701,468	895,174	974,361
677,001	2,253,347	2,327,969	3,675,763	3,009,369	3,145,614
8,546	7,172	6,795	12,804	4,277	4,678
11,025	-	6,007	20,138	26,879	21,896
54,000	-	-	-	20,000	70,000
<u>6,511,294</u>	<u>6,511,388</u>	<u>6,599,635</u>	<u>8,244,406</u>	<u>7,977,400</u>	<u>8,339,270</u>
4,444	3,827	3,374	2,579	889	1,270
44,575	56,453	35,609	5,914	144,390	84,682
239,490	81,254	22,593	20,417	-	-
(54,000)	-	-	-	(20,000)	(70,000)
<u>234,509</u>	<u>141,534</u>	<u>61,576</u>	<u>28,910</u>	<u>125,279</u>	<u>15,952</u>
477,321	(99,338)	318,224	2,282,155	952,156	432,364
<u>443,666</u>	<u>460,320</u>	<u>(118,008)</u>	<u>37,145</u>	<u>34,799</u>	<u>16,001</u>
<u>\$ 920,987</u>	<u>\$ 360,982</u>	<u>\$ 200,216</u>	<u>\$ 2,319,300</u>	<u>\$ 986,955</u>	<u>\$ 448,365</u>

CITY OF LEON VALLEY, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>GENERAL FUND</u>					
Reserved	\$ 100,730	\$ 99,626	\$ 163,442	\$ 192,916	\$ 132,581
Unreserved	2,544,748	2,557,994	2,713,567	3,930,887	3,066,450
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL GENERAL FUND	<u>\$ 2,645,478</u>	<u>\$ 2,657,620</u>	<u>\$ 2,877,009</u>	<u>\$ 4,123,803</u>	<u>\$ 3,199,031</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>					
Reserved	\$ 81,739	\$ 101,542	\$ 131,748	\$ 154,429	\$ 165,926
Unreserved, Reported in:					
Special Revenue Funds	509,282	707,371	1,251,752	1,047,443	1,272,358
Capital Project Funds	961	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 591,982</u>	<u>\$ 808,913</u>	<u>\$ 1,383,500</u>	<u>\$ 1,201,872</u>	<u>\$ 1,438,284</u>

Note: In 2011 the City implemented GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The information for previous years has not been restated.

TABLE 3

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
50,745	51,278	54,278	54,631	56,442
49,551	49,642	101,977	90,494	114,962
800,000	800,000	900,000	900,000	900,000
56,642	14,135	139,135	25,275	25,275
<u>2,352,926</u>	<u>2,400,386</u>	<u>2,456,717</u>	<u>2,756,058</u>	<u>2,779,498</u>
<u>\$ 3,309,864</u>	<u>\$ 3,315,441</u>	<u>\$ 3,652,107</u>	<u>\$ 3,826,458</u>	<u>\$ 3,876,177</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
805	757	819	1,310	1,990
1,245,121	8,136,892	8,419,977	5,862,738	2,874,942
-	-	-	795,672	664,842
-	-	-	105,373	111,139
<u>73,307</u>	<u>486,730</u>	<u>1,413,694</u>	<u>-</u>	<u>-</u>
<u>\$ 1,319,233</u>	<u>\$ 8,624,379</u>	<u>\$ 9,834,490</u>	<u>\$ 6,765,093</u>	<u>\$ 3,652,913</u>

CITY OF LEON VALLEY, TEXAS
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>REVENUES</u>				
Property Taxes	\$ 2,923,544	\$ 3,134,228	\$ 3,432,977	\$ 3,552,049
Nonproperty Taxes	2,295,549	1,781,223	1,927,881	2,045,615
Grants/Intergovernmental	31,936	1,151,487	1,302,881	1,395,492
Licenses, Permits, Fees and Fines	1,838,194	1,085,494	1,277,505	992,486
CIED	-	-	-	-
Other	<u>355,136</u>	<u>985,829</u>	<u>298,795</u>	<u>226,942</u>
Total Revenues	<u>7,444,359</u>	<u>8,138,261</u>	<u>8,240,039</u>	<u>8,212,584</u>
<u>EXPENDITURES</u>				
Administrative	1,163,175	712,894	739,653	706,874
Public Safety	3,760,073	4,082,514	4,113,988	4,142,609
Public Works	1,276,101	1,235,456	1,092,333	1,427,627
Parks and Recreation	107,713	109,259	101,383	111,614
Library	239,354	233,607	241,305	256,967
Community Development	92,582	579,800	554,418	622,721
Capital Outlay	179,678	522,089	177,273	173,202
Debt Service				
Principal	260,000	265,000	275,000	580,000
Interest	196,690	167,569	155,710	111,090
Fiscal Agent Fees and Bond Issue Costs	<u>2,300</u>	<u>1,000</u>	<u>1,000</u>	<u>119,361</u>
Total Expenditures	<u>7,277,666</u>	<u>7,909,188</u>	<u>7,452,063</u>	<u>8,252,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>166,693</u>	<u>229,073</u>	<u>787,976</u>	<u>(39,481)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	-	6,000	10,360
Transfers In	13,000	18,000	318,000	10,000
Transfers Out	(13,000)	(18,000)	(318,000)	(10,000)
Proceeds from Tax Notes	475,000	-	-	-
Proceeds from Bonds	-	-	-	1,060,000
Bond Premium	-	-	-	44,287
Proceeds from Refunding Bonds	-	-	-	2,575,000
Payments to Refunding Bonds	-	-	-	(2,585,000)
Escrow Agent	<u>(447,752)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>27,248</u>	<u>-</u>	<u>6,000</u>	<u>1,104,647</u>
NET CHANGE IN FUND BALANCES	<u>\$ 193,941</u>	<u>\$ 229,073</u>	<u>\$ 793,976</u>	<u>\$ 1,065,166</u>
Debt Service as a Percentage of Noncapital Expenditures	6.43%	5.86%	5.92%	8.55%

TABLE 4

2010	2011	2012	2013	2014	2015
\$ 3,505,728	\$ 3,546,031	\$ 3,544,081	\$ 3,809,355	\$ 4,012,433	\$ 4,143,068
2,207,900	2,253,347	2,327,969	2,503,411	3,009,369	3,145,614
228,508	89,868	6,122	4,523	8,104	8,852
2,642,310	2,154,692	1,860,659	1,858,150	1,988,654	2,123,854
-	-	379,918	1,172,352	-	-
88,796	131,999	175,109	456,679	299,392	416,576
<u>8,673,242</u>	<u>8,175,937</u>	<u>8,293,858</u>	<u>9,804,470</u>	<u>9,317,952</u>	<u>9,837,964</u>
919,564	817,259	713,738	870,697	769,842	951,121
5,246,693	4,228,132	4,177,616	4,116,594	4,258,045	4,609,076
1,446,744	1,542,290	1,552,725	972,484	1,462,747	2,238,664
153,947	102,914	91,824	86,802	157,643	142,794
266,327	259,858	310,725	267,588	288,871	317,049
629,371	610,750	566,914	554,087	583,068	624,724
337,443	209,674	155,265	772,922	3,909,161	3,408,801
265,000	300,000	310,000	345,000	420,000	430,000
140,513	112,278	242,502	270,019	257,121	245,946
10,000	1,000	1,000	1,500	1,500	2,250
<u>9,415,602</u>	<u>8,184,155</u>	<u>8,122,309</u>	<u>8,257,693</u>	<u>12,107,998</u>	<u>12,970,425</u>
<u>(742,360)</u>	<u>(8,218)</u>	<u>171,549</u>	<u>1,546,777</u>	<u>(2,790,046)</u>	<u>(3,132,461)</u>
-	-	-	-	-	-
72,000	18,000	18,000	237,216	220,770	590,803
(18,000)	(18,000)	(18,000)	(237,216)	(200,770)	(520,803)
-	-	-	-	-	-
-	-	7,000,000	-	-	-
-	-	139,174	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>54,000</u>	<u>-</u>	<u>7,139,174</u>	<u>-</u>	<u>20,000</u>	<u>70,000</u>
<u>\$ (688,360)</u>	<u>\$ (8,218)</u>	<u>\$ 7,310,723</u>	<u>\$ 1,546,777</u>	<u>\$ (2,770,046)</u>	<u>\$ (3,062,461)</u>
4.47%	5.17%	6.93%	8.22%	8.26%	7.07%

CITY OF LEON VALLEY, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY</u>	<u>SALES AND USE</u>	<u>OCCUPANCY</u>	<u>FRANCHISE</u>	<u>TOTAL REVENUE</u>
2006	\$ 2,923,544	\$ 1,602,192	\$ 96,507	\$ 596,851	\$ 5,219,094
2007	3,134,228	1,781,223	98,973	607,967	5,622,391
2008	3,432,977	1,927,881	92,357	639,332	6,092,547
2009	3,552,048	1,979,928	65,688	656,329	6,253,993
2010	3,505,728	2,141,199	66,701	677,001	6,390,629
2011	3,546,031	2,253,347	74,287	728,548	6,602,213
2012	3,544,081	2,327,969	82,409	708,434	6,662,893
2013	3,809,355	2,503,411	83,470	701,468	7,097,704
2014	4,012,433	3,009,369	91,125	895,174	8,008,101
2015	4,143,068	3,145,614	86,661	974,361	8,349,704

Note: Occupancy tax revenues have decreased due to the conversion of one hotel to apartments in 2004.

CITY OF LEON VALLEY, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

TABLE 6

FISCAL YEAR ENDED SEPTEMBER 30,	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	INDUSTRIAL PROPERTY	LESS: TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2006	\$ 334,283,756	\$ 246,833,519	\$ 1,965,230	\$ 40,042,855	\$ 543,039,650	0.537400
2007	380,457,461	252,192,158	1,774,770	53,686,457	580,737,932	0.537400
2008	436,832,864	272,798,655	4,728,530	67,753,134	646,606,915	0.527400
2009	454,788,574	281,431,232	5,600,760	66,158,755	675,661,811	0.527400
2010	468,647,503	281,076,061	5,246,600	62,354,128	692,616,036	0.527400
2011	456,646,017	280,720,343	5,025,705	66,555,963	675,836,102	0.527400
2012	455,927,780	266,406,857	5,103,401	50,361,878	677,076,160	0.535510
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.574282
2014	473,221,531	278,323,833	6,158,319	50,285,171	707,418,512	0.582915
2015	504,499,829	288,913,043	5,574,551	58,925,926	740,061,497	0.575507

Source: Bexar Appraisal District

Note: Property is assessed at the actual value; therefore the assessed values are equal to actual values.

Tax rates are per \$100 of assessed value.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 7

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATES</u>			<u>OVERLAPPING RATES</u>	
	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>TOTAL DIRECT</u>	<u>SCHOOL DISTRICT</u>	<u>BEXAR COUNTY</u>
2006	0.459560	0.077840	0.537400	1.775000	0.331190
2007	0.459560	0.077840	0.537400	1.592500	0.331190
2008	0.456560	0.070840	0.527400	1.262500	0.326866
2009	0.461560	0.065840	0.527400	1.302500	0.326866
2010	0.464029	0.063371	0.527400	1.337500	0.326866
2011	0.464029	0.063371	0.527400	1.365500	0.326866
2012	0.472701	0.062809	0.535510	1.375500	0.326866
2013	0.476752	0.097530	0.574282	1.375500	0.326866
2014	0.476752	0.106163	0.582915	1.375500	0.326866
2015	0.476752	0.098755	0.575507	1.375500	0.314500

Source: Information furnished by respective tax assessor.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO

TABLE 8

TAXPAYER	2015			2006		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Ancira-Winton Chevrolet	\$ 22,771,680	1	3.08%	\$16,514,670	2	3.02%
H.E.B. Grocery	20,050,000	2	2.71%	-		-
Vista Del Rey	16,600,000	3	2.24%	12,709,090	3	2.32%
Shadow Valley Apartments	12,850,100	4	1.74%	9,171,650	6	1.68%
Omninet Towers LP	11,308,206	5	1.53%	-		-
Leors Holdings	11,308,206	6	1.53%	-		-
Barcelona Lofts LLC	11,100,000	7	1.50%	-		-
Leon SA Income Partners	6,500,000	8	0.88%	-		-
Forest Green Association	6,410,000	9	0.87%	-		-
SA West Loop II Investors	5,645,000	10	0.76%	-		-
Principal Life Insurance	-	-	-	19,758,390	1	3.61%
Southwestern Bell	-	-	-	11,194,930	4	2.05%
SCIC San Antonio	-	-	-	7,800,000	7	1.43%
Fiesta Linclon Mercury	-	-	-	7,727,147	8	1.41%
Gunn, CC	-	-	-	5,513,150	9	1.01%
Ramsey Loop Realty	-	-	-	5,184,000	10	0.95%
	<u>\$ 124,543,192</u>		<u>16.84%</u>	<u>\$ 95,573,027</u>		<u>17.48%</u>

Source: Bexar County Appraisal District

CITY OF LEON VALLEY, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 9

FISCAL YEAR ENDED SEPTEMBER 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2006	\$ 2,918,741	\$ 2,877,326	98.58%	\$ 22,548	\$ 2,899,874	99.35%
2007	3,121,053	3,081,888	98.75%	28,636	3,110,524	99.66%
2008	3,411,529	3,374,003	98.90%	13,805	3,387,808	99.30%
2009	3,563,440	3,364,408	94.41%	27,257	3,391,665	95.18%
2010	3,570,525	3,450,690	96.64%	70,192	3,520,882	98.61%
2011	3,485,988	3,437,057	98.60%	29,241	3,466,298	99.44%
2012	3,553,034	3,485,684	98.10%	17,175	3,502,859	98.59%
2013	3,817,953	3,755,784	98.37%	27,768	3,783,552	99.10%
2014	4,023,348	3,940,694	97.95%	66,174	4,006,868	99.59%
2015	4,130,740	4,050,446	98.06%	-	\$ 4,050,446	98.06%

Source: Bexar County Tax Assessor Collector (TC168) and City of Leon Valley Finance Department.

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CITY OF LEON VALLEY, TEXAS
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS

<u>TYPE OF CUSTOMER</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Residential	225,793,960	156,780,956	208,492,994	215,785,825
Commercial	<u>141,720,115</u>	<u>124,891,408</u>	<u>144,510,811</u>	<u>136,065,390</u>
TOTAL	<u><u>367,514,075</u></u>	<u><u>281,672,364</u></u>	<u><u>353,003,805</u></u>	<u><u>351,851,215</u></u>
TOTAL DIRECT RATE PER 1,000 GALLONS	<u>\$ 0.91</u>	<u>\$ 0.91</u>	<u>\$ 0.93</u>	<u>\$ 0.96</u>

Source: City of Leon Valley Water Department

TABLE 10

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
178,416,148	228,768,000	201,840,600	189,931,000	184,014,000	176,710,000
<u>129,071,600</u>	<u>133,301,040</u>	<u>122,936,377</u>	<u>123,088,895</u>	<u>120,423,155</u>	<u>131,218,294</u>
<u>307,487,748</u>	<u>362,069,040</u>	<u>324,776,977</u>	<u>313,019,895</u>	<u>304,437,155</u>	<u>307,928,294</u>
<u>\$ 0.99</u>	<u>\$ 1.02</u>	<u>\$ 1.05</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>

CITY OF LEON VALLEY, TEXAS
WATER AND SEWER RATES
LAST TEN FISCAL YEARS

TABLE 11

<u>FISCAL YEAR</u>	<u>WATER</u>		<u>SEWER</u>	
	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>
2006	7.62	0.91	11.03	3.94
2007	7.85	0.91	11.36	4.06
2008	8.08	0.93	11.70	4.18
2009	8.32	0.96	12.05	4.31
2010	8.57	0.99	12.41	4.43
2011	8.83	1.02	12.78	4.57
2012	9.09	1.05	13.16	4.70
2013	9.36	1.08	13.55	5.27
2014	9.36	1.08	13.55	5.27
2015	9.36	1.08	14.36	5.59

Note: Rates are based on 5/8" meter, which is the standard household meter size.

CITY OF LEON VALLEY, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITY		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME*	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	CERTIFICATES OF OBLIGATION	TAX NOTES	CAPITAL LEASES	REVENUE BONDS	CERTIFICATES OF OBLIGATION			
2006	\$ 3,705,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,705,000	1.84%	\$ 401
2007	3,440,000	-	-	-	-	-	-	3,440,000	1.71%	372
2008	3,165,000	-	-	-	-	-	-	3,165,000	1.58%	343
2009	2,575,000	1,060,000	-	-	-	-	-	3,635,000	1.81%	393
2010	2,340,000	1,030,000	-	-	-	-	-	3,370,000	1.68%	365
2011	2,080,000	990,000	-	-	-	-	-	3,070,000	1.12%	279
2012	8,810,000	950,000	-	-	-	-	-	9,760,000	3.60%	898
2013	8,505,000	910,000	-	-	-	-	-	9,415,000	3.47%	866
2014	8,125,000	870,000	-	-	-	-	-	8,995,000	3.32%	828
2015	7,740,000	825,000	-	-	-	-	-	8,565,000	3.16%	788

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population and personal income data can be found in Table 16.

CITY OF LEON VALLEY, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

TABLE 13

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	TOTAL			
2006	\$ 3,705,000	\$ -	\$ 3,705,000	\$ 543,039,650	0.68%	\$ 401
2007	3,440,000	-	3,440,000	580,737,932	0.59%	372
2008	3,165,000	-	3,165,000	646,606,915	0.49%	343
2009	2,575,000	1,060,000	3,635,000	675,661,811	0.54%	393
2010	2,340,000	1,030,000	3,370,000	692,616,036	0.49%	365
2011	2,080,000	990,000	3,070,000	675,836,102	0.45%	302
2012	8,810,000	950,000	9,760,000	677,076,160	1.44%	898
2013	8,505,000	910,000	9,415,000	681,878,582	1.38%	866
2014	8,125,000	870,000	8,995,000	707,418,512	1.27%	828
2015	7,740,000	825,000	8,565,000	740,061,497	1.16%	788

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

*Population data can be found in Table 16.

CITY OF LEON VALLEY, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
LAST TEN FISCAL YEARS

TABLE 14

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE*</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Alamo CCD	\$ 521,241,291	0.75%	\$ 3,909,310
Bexar County	514,034,876	0.75%	3,855,262
Bexar County Hospital District	722,025,892	0.75%	5,415,194
Northside Independent School District	1,790,178,184	2.05%	36,698,653
San Antonio RA	30,680,000	0.65%	<u>199,420</u>
Subtotal, Overlapping Debt			50,077,838
Leon Valley Direct Debt			<u>8,565,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 58,642,838</u></u>

Source: Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in Leon Valley. This process recognizes that, when considering Leon Valley's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within Leon Valley's boundaries and divided it by the County's total taxable assessed value.

CITY OF LEON VALLEY, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2015

Assessed Value	\$ 740,061,497
*Debt Limit (10% of Assessed Value)	74,006,150
Bonds and Certificates of Obligation	8,565,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>209,392</u>

Total Net Debt Applicable to Limit 8,774,392

ECONOMIC DEBT MARGIN \$ 65,231,758

	FISCAL			
	2006	2007	2008	2009
Debt Limit	\$ 54,303,965	\$ 58,073,793	\$ 64,660,692	\$ 67,561,181
Total Net Debt Applicable to Limit	<u>3,840,998</u>	<u>3,338,457</u>	<u>3,063,457</u>	<u>3,480,571</u>
LEGAL DEBT MARGIN	<u>\$ 50,462,967</u>	<u>\$ 54,735,336</u>	<u>\$ 61,597,235</u>	<u>\$ 64,080,610</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.07%	5.75%	4.74%	5.15%

* Texas statutes do not prescribe a debt limit: However, by custom a practical debt limit of 10% of the assessed valuation is used.

TABLE 15

YEAR					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 69,261,604	\$ 67,583,610	\$ 67,707,616	\$ 68,187,858	\$ 70,741,851	\$ 74,006,150
<u>3,200,964</u>	<u>3,191,096</u>	<u>9,579,375</u>	<u>9,624,392</u>	<u>9,204,392</u>	<u>8,774,392</u>
<u>\$ 66,060,640</u>	<u>\$ 64,392,514</u>	<u>\$ 58,128,241</u>	<u>\$ 58,563,466</u>	<u>\$ 61,537,459</u>	<u>\$ 65,231,758</u>
4.62%	4.72%	14.21%	14.11%	13.01%	11.86%

CITY OF LEON VALLEY, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

TABLE 16

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2006	9,239	\$ 200,883,577	\$ 21,743	38.10	3,181	4.5%
2007	9,239	200,883,577	21,743	38.10	3,784	4.0%
2008	9,239	200,883,577	21,743	38.10	3,790	5.0%
2009	9,239	200,883,577	21,743	38.10	3,850	7.0%
2010	9,239	200,883,577	21,743	38.10	3,850	7.0%
2011	10,866	270,954,576	24,936	40.00	3,752	7.3%
2012	10,866	270,954,576	24,936	40.00	4,130	6.0%
2013	10,866	270,954,576	24,936	40.00	4,130	6.0%
2014	10,866	270,954,576	24,936	40.00	4,130	6.0%
2015	10,866	270,954,576	24,936	40.00	4,130	6.0%

Sources: Population, Per Capita Income and Median Age information provided by the United States Census Bureau. School enrollment information provided by the Northside Independent School District. Unemployment rate provided by the Texas Workforce Commission.

CITY OF LEON VALLEY, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 17

EMPLOYER	2015			2006		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Lackland Air Force Base	37,097	1	3.64%	-		0.00%
Fort Sam Houston-U.S. Army	32,000	2	3.14%	-		0.00%
H-E-B Food Stores	20,000	3	1.96%	9,942	2	1.15%
USAA	17,000	4	1.67%	13,773	1	1.59%
Northside I.S.D.	12,751	5	1.25%	-		0.00%
Randolph Air Force Base	11,068	6	1.09%	-		0.00%
North East I.S.D.	10,052	7	0.99%	-		0.00%
City of San Antonio	9,145	8	0.90%	-		0.00%
Methodist Healthcare System	8,118	9	0.80%	-		0.00%
Baptist Health System	6,498	10	0.64%	-		0.00%
H.B. Zachry Cfo.	-		0.00%	8,000	3	9.30%
SBC Communications	-		0.00%	7,000	4	0.81%
Southwestern Bell	-		0.00%	4,589	5	0.53%
Frost Bank	-		0.00%	3,290	6	0.38%
West Telemarking	-		0.00%	3,087	7	0.36%
Taco Cabana	-		0.00%	3,000	8	0.35%
Valero	-		0.00%	2,857	9	0.33%
QVC Network	-		0.00%	2,034	10	0.24%
TOTAL	<u>163,729</u>		<u>16.08%</u>	<u>57,572</u>		<u>15.04%</u>

The City of Leon Valley is surrounded by the City of San Antonio and no data is available for the employers in Leon Valley. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

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CITY OF LEON VALLEY, TEXAS
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
FISCAL YEAR ENDED SEPTEMBER 30,

TABLE 18

Full-Time Equivalent Employees as of September 30,

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Business Office	3.40	3.10	3.10	2.80	2.80	2.75	1.75	1.60	1.60	1.60
Finance	2.80	2.80	2.80	2.40	2.40	2.20	2.20	2.00	2.00	2.00
Manager and Council	2.80	2.80	2.80	2.40	2.40	2.30	2.30	2.00	3.00	3.00
*Police										
Officers	23.00	23.00	23.00	23.00	23.00	23.00	24.00	23.00	23.00	24.00
Civilians	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.90	3.90
*Fire										
Civilians	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Firefighters and Officers	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00	26.00
Public Works	15.25	15.25	14.75	14.75	14.75	14.05	13.09	12.60	12.60	12.60
Community Development	3.90	3.20	4.00	4.00	4.00	3.92	3.52	3.35	1.60	1.60
Economic Development	-	1.20	1.20	1.20	1.50	1.65	2.00	2.00	2.00	2.00
Parks	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Library	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50
Communications	-	-	-	-	-	-	-	-	-	6.00
Community Center	1.55	1.60	2.10	2.10	2.10	1.85	0.60	1.60	1.60	1.60
Water and Sewer	11.75	12.05	12.96	12.96	12.96	14.88	16.04	18.35	18.70	18.20
TOTAL	<u>104.95</u>	<u>105.50</u>	<u>107.21</u>	<u>106.11</u>	<u>106.41</u>	<u>107.10</u>	<u>106.00</u>	<u>106.00</u>	<u>107.50</u>	<u>109.00</u>

Source: City Annual Budget

*Does not include reserves.

CITY OF LEON VALLEY, TEXAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

FUNCTION	2006	2007	2008	FISCAL 2009
Police				
Traffic Violations	14,033	12,408	15,397	11,459
Arrests	1,489	1,230	1,355	1,194
Fire				
Fire Calls	703	805	821	793
EMS Calls	960	961	953	1,028
Inspections	1,094	1,282	1,299	1,167
Public Works				
Street Resurfacing (Miles)	5.0	0.5	-	5.9
Sidewalk Construction (Feet)	700	500	500	500
Library				
Reference Questions	3,142	3,142	6,056	6,083
Internet Sessions	6,336	6,336	6,320	7,483
Library Acquisitions	1,281	1,281	1,857	3,487
Water				
Service Connections	2,177	2,255	2,369	2,444
Average Daily Consumption	1,006,096	1,011,527	967,133	963,975
Sewer				
Service Connections	2,098	2,272	2,440	2,306
Average Daily Treatment of Gallons	748,112	664,496	863,347	793,443

Source: Various city departments.

TABLE 19

YEAR 2010	2011	2012	2013	2014	2015
11,611	10,278	8,204	4,559	4,190	3,098
1,279	1,050	837	635	629	722
786	931	765	712	890	1,183
1,051	1,062	1,038	1,174	1,151	1,136
1,351	1,290	1,256	1,022	1,009	480
5.4	8.4	-	7.7	8.0	5.0
1,463	682	1,621	682	687	1,304
6,000	6,897	5,868	5,287	7,000	6,485
7,354	7,226	18,242	16,882	6,266	6,437
4,861	3,323	2,953	2,912	2,176	1,823
2,469	2,508	2,523	2,526	2,544	2,561
842,432	1,005,747	889,800	857,588	962,846	843,639
2,387	2,428	2,551	2,441	2,457	2,456
989,705	748,356	705,557	687,267	700,672	703,607

CITY OF LEON VALLEY, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

TABLE 20

FUNCTION	FISCAL YEAR									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
* Officers	25	24	24	24	24	24	23	23	23	24
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	27	27	27	27	27	27	26	26	26	26
Culture and Recreation										
Community Centers	2	2	2	2	2	2	2	2	2	2
Parks	1	1	1	1	1	1	1	1	1	1
Park Acreage	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Libraries	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Water										
Miles of Water Mains	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Number of Hydrants	208	208	208	208	208	208	208	208	208	208
Sewer										
Miles of Sanitary Sewers	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5
Feet of Storm Sewers	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

Source: Various City departments.

* Includes Warrants Officer(s) from the Court.

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members
of the City Council
City of Leon Valley, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Leon Valley, Texas', basic financial statements and have issued our report thereon dated February 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Leon Valley, Texas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Leon Valley, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Leon Valley, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Leon Valley, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 2, 2016