

CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2018



OFFICIALS ISSUING REPORT

Kelly Kuentler
City Manager

Vickie Wallace
Director of Finance



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INTRODUCTORY SECTION



January 31, 2019

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, 2018.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work 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 Armstrong, Vaughan and Associates, 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, 2018. 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.

6400 El Verde Road
Leon Valley, Texas 78238
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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, and Crime Control and Prevention District are included in the City's annual budget.

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 August. The Council is required to hold a public hearing 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 57-61 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's property values have demonstrated an increase over the last few years. 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 is 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, 2018, the Committed Fund Balance was \$1,000,000.

The City also maintains a ten-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 ten-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 ACKNOWLEDGMENTS

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, 2017 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, 2017

Christopher P. Morrill

Executive Director/CEO

CITY OF LEON VALLEY, TEXAS
PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2018

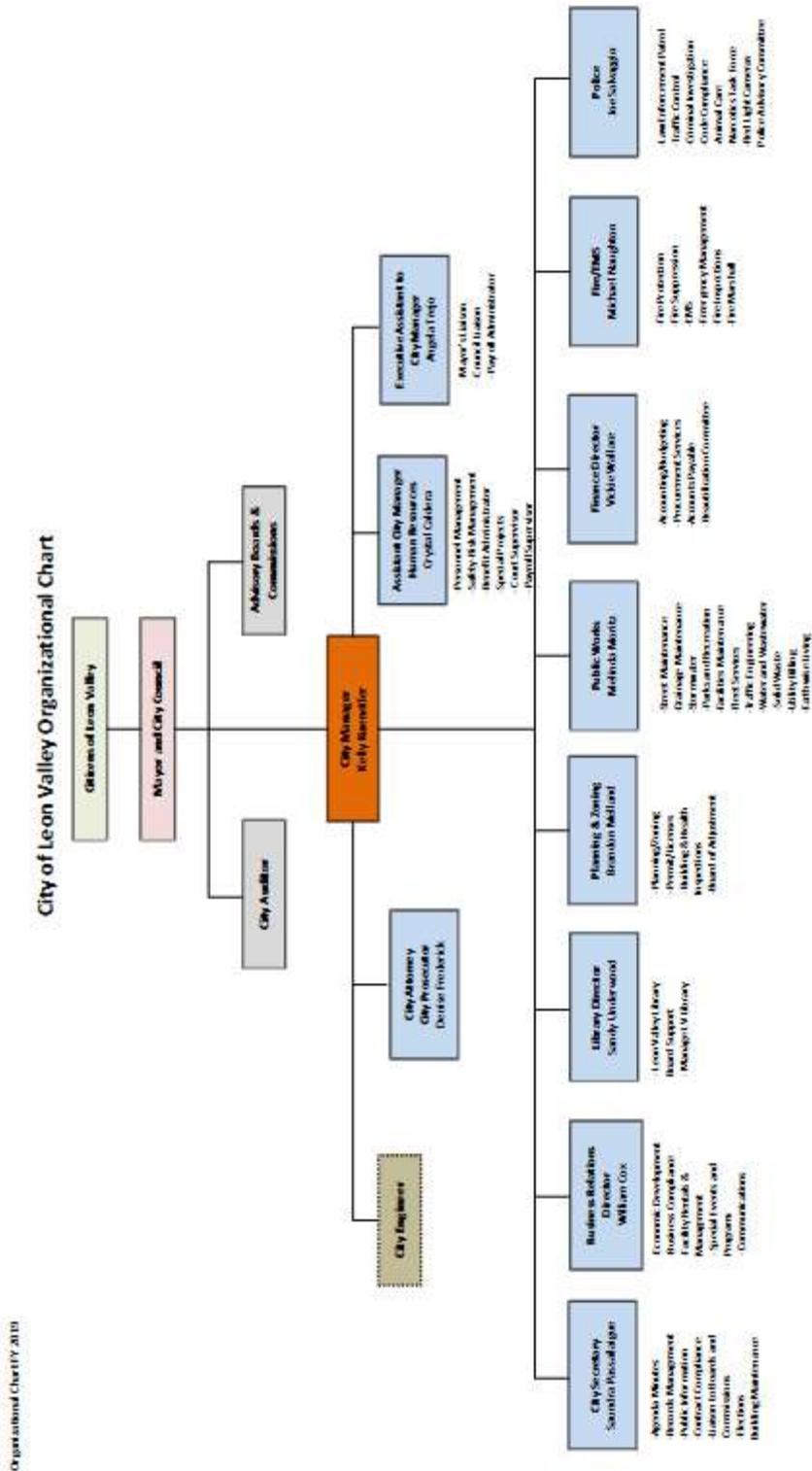
ELECTED OFFICIALS

MAYOR	CHRIS RILEY
CITY COUNCIL, PLACE 1	DAVID EDWARDS
CITY COUNCIL, PLACE 2	CATHERINE RODRIGUEZ
CITY COUNCIL, PLACE 3	MONICA ALCO CER
CITY COUNCIL, PLACE 4	BENNY MARTINEZ
CITY COUNCIL, PLACE 5	DAVID JORDAN

CITY OFFICIALS

CITY MANAGER	KELLY KUENSTLER
DIRECTOR OF FINANCE	VICKIE WALLACE
CITY ATTORNEY	DENISE FREDERICK
CITY SECRETARY	SAUNDRA PASSAILAIGUE
PLANNING AND ZONING DIRECTOR	BRANDON MELLAND
POLICE CHIEF	JOSEPH SALVAGGIO
FIRE CHIEF	MICHAEL NAUGHTON
LIBRARIAN	SANDRA UNDERWOOD
PUBLIC WORKS DIRECTOR	MELINDA MORITZ
HUMAN RESOURCES DIRECTOR/ACM	CRYSTAL CALDERA

CITY OF LEON VALLEY ORGANIZATIONAL CHART



Organizational Chart (V. 2019)



FINANCIAL SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

Deborah F. Fraser

Phil S. Vaughan

Nancy L. Vaughan

Kimberly J. Roach

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Leon Valley, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Leon Valley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, each major fund, and the aggregate remaining fund information of City of Leon Valley, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1W of the financial statements, in October 2017, the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 75 related to accounting for postemployment benefits other than pensions (OPEB). This resulted in a restatement of prior year balances. 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 the City's net pension and total other postemployment benefit liabilities – TMRS, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Leon Valley's basic financial statements. The comparative financial statements, combining and individual nonmajor fund financial statements, introductory section, statistical section and the schedule of expenditures of federal awards required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements, combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 nonmajor fund financial statements and the schedule of expenditures of federal awards 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019 on our consideration of City of Leon Valley's 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 City of Leon Valley's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

January 31, 2019

MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the City of Leon Valley, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Leon Valley for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the City of Leon Valley exceeded its liabilities at the close of the most recent fiscal year by \$26.7 million (net position). Of this amount, \$5.0 million (unrestricted net position) may be used to meet the City's operational needs.
- The City's total net position increased by \$4.6 million mainly due to higher operating and capital grants received during fiscal year 2018.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$8.9 million, an increase of \$1.2 million in comparison with the prior year. The increase is mostly attributed to larger sales tax and federal police fines and forfeitures revenues, as well as fewer street maintenance expenditures in the current year.
- At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was \$3.8 million which is 40.7% of the general fund expenditures not including capital outlay.
- During the fiscal year, the City did not issue additional debt.

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.

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:

TABLE A-1
NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 10,348,105	\$ 8,234,272	\$ 4,767,144	\$ 4,762,227	\$ 15,115,249	\$ 12,996,499
Capital and Other Assets	19,523,230	17,297,600	6,185,827	5,747,705	25,709,057	23,045,305
Total Assets	<u>29,871,335</u>	<u>25,531,872</u>	<u>10,952,971</u>	<u>10,509,932</u>	<u>40,824,306</u>	<u>36,041,804</u>
Deferred Outflows of Resources	<u>571,877</u>	<u>1,829,467</u>	<u>105,516</u>	<u>361,608</u>	<u>677,393</u>	<u>2,191,075</u>
Liabilities						
Current Liabilities	1,938,380	1,076,197	586,174	552,950	2,524,554	1,629,147
Noncurrent Liabilities	8,921,506	10,921,639	2,359,661	2,714,629	11,281,167	13,636,268
Total Liabilities	<u>10,859,886</u>	<u>11,997,836</u>	<u>2,945,835</u>	<u>3,267,579</u>	<u>13,805,721</u>	<u>15,265,415</u>
Deferred Inflows of Resources	<u>881,678</u>	<u>487,051</u>	<u>162,676</u>	<u>96,537</u>	<u>1,044,354</u>	<u>583,588</u>
Net Position						
Net Investment in						
Capital Assets	12,241,969	9,534,380	4,162,165	4,049,170	16,404,134	13,583,550
Restricted	4,027,347	2,999,981	1,225,716	1,279,204	5,253,063	4,279,185
Unrestricted	2,432,332	2,342,091	2,212,095	2,179,050	4,994,427	4,521,141
Total Net Position	<u>\$ 18,701,648</u>	<u>\$ 14,876,452</u>	<u>\$ 7,599,976</u>	<u>\$ 7,507,424</u>	<u>\$ 26,651,624</u>	<u>\$ 22,383,876</u>

*Note: Comparative information for 2017 has not been restated for the effects of the adoption of GASB Statement No. 75 as the information is not available. See note 1W for more detail.

The largest portion of the City's net position, \$16.4 million, represents its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment, net of accumulated depreciation), 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, \$5.3 million represents resources that are subject to external restrictions on how they may be used. Of this amount, \$5.0 million (unrestricted net position) may be used to meet the City's operational needs.

Governmental activities increased net position by \$4.1 million, which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

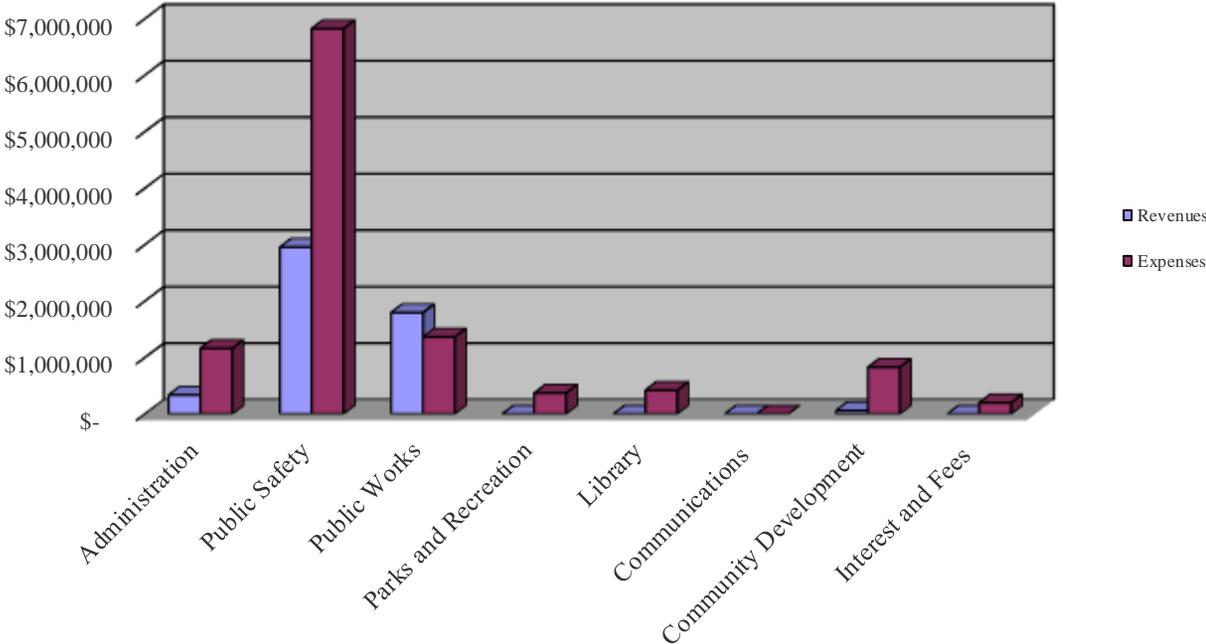
TABLE A-2
CHANGES IN NET POSITION FOR GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,954,257	\$ 2,016,052	\$ 4,623,442	\$ 4,589,550	\$ 7,577,699	\$ 6,605,602
Operating Grants and Contributions	526,275	476,415	-	120,165	526,275	596,580
Capital Grants and Contributions	1,670,428	-	485,976	-	2,156,404	-
General Revenues						
Property Taxes	4,944,531	4,752,901	-	-	4,944,531	4,752,901
Sales Taxes	3,687,415	3,517,289	-	-	3,687,415	3,517,289
Franchise Taxes	961,149	1,104,166	-	-	961,149	1,104,166
Occupancy Taxes	94,639	80,600	-	-	94,639	80,600
Investment Earnings	134,411	55,460	60,337	74,303	194,748	129,763
Miscellaneous	371,832	447,168	-	9,824	371,832	456,992
Total Revenues	15,344,937	12,450,051	5,169,755	4,793,842	20,514,692	17,243,893
Expenses:						
Administration	1,163,357	1,052,772	-	-	1,163,357	1,052,772
Public Safety	6,825,574	5,731,890	-	-	6,825,574	5,731,890
Public Works	1,366,183	1,960,573	-	-	1,366,183	1,960,573
Parks and Recreation	372,372	357,055	-	-	372,372	357,055
Library	421,642	375,764	-	-	421,642	375,764
Communications	-	322,727	-	-	-	322,727
Community Development	828,978	753,029	-	-	828,978	753,029
Utility	-	-	4,720,880	3,901,345	4,720,880	3,901,345
Interest and Fiscal Agent Fees	201,460	228,101	-	-	201,460	228,101
Total Expenses	11,179,566	10,781,911	4,720,880	3,901,345	15,900,446	14,683,256
INCREASE IN NET POSITION BEFORE TRANSFERS	4,165,371	1,668,140	448,875	892,497	4,614,246	2,560,637
Transfers In (Out)	(47,650)	750	47,650	(750)	-	-
CHANGE IN NET POSITION	4,117,721	1,668,890	496,525	891,747	4,614,246	2,560,637
BEGINNING NET POSITION	14,876,452	13,207,562	7,507,424	6,615,677	22,383,876	19,823,239
Prior Period Adjustment	(292,525)	-	(53,973)	-	(346,498)	-
ENDING NET POSITION	\$ 18,701,648	\$ 14,876,452	\$ 7,949,976	\$ 7,507,424	\$ 26,651,624	\$ 22,383,876

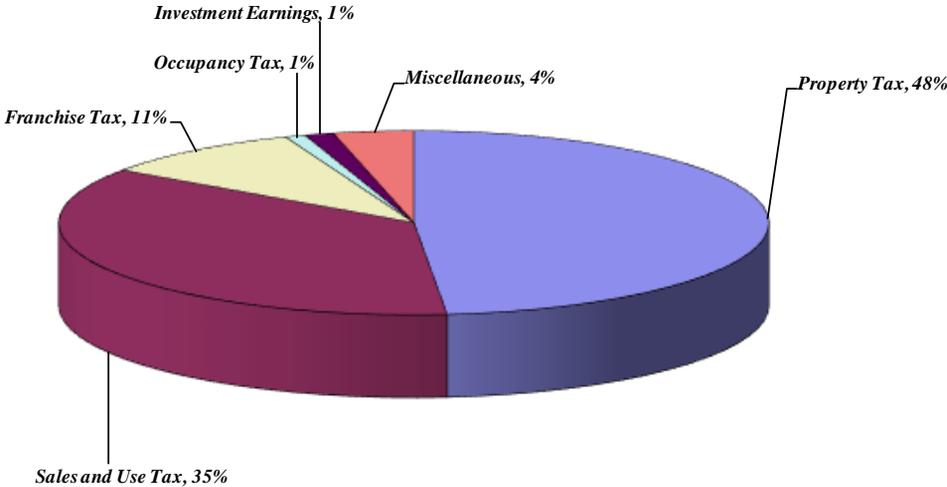
*Note: Comparative information for 2017 has not been restated for the effects of the adoption of GASB Statement No. 75 as the information is not available. See note 1W for more detail.

**EXPENSES AND PROGRAM REVENUES –GOVERNMENTAL ACTIVITIES
TOTAL EXPENSES 2018 AND 2017-GOVERNMENT-WIDE**

Revenues-Governmental Activities (Continued)

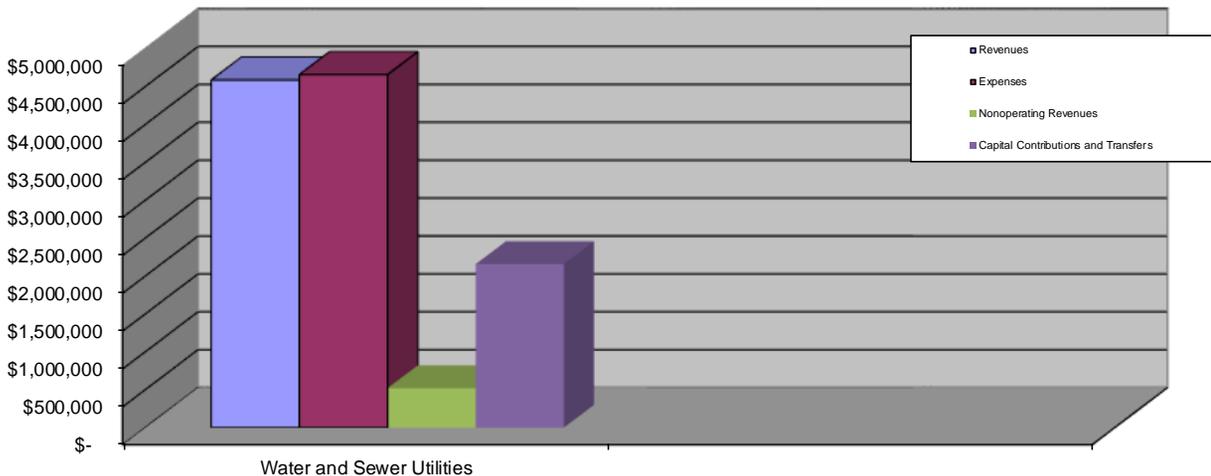
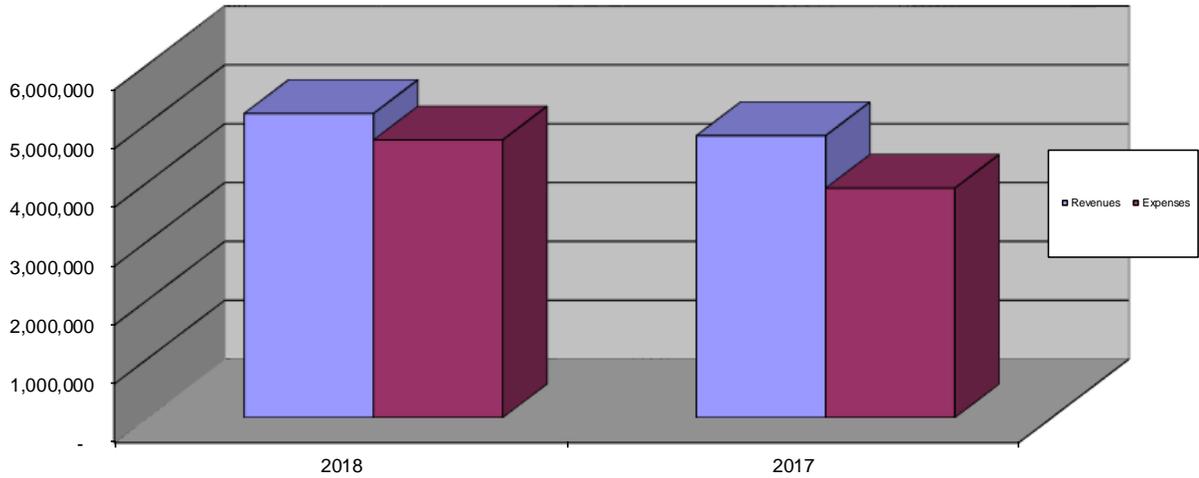


General Revenue by Source - Governmental Activities



Business-Type Activities

Business-Type activities accounted for 10.8% of the growth in the net position of the City of Leon Valley. For the most part, increases in expenses closely paralleled inflation.



Financial Analysis of the Government's Funds

As noted earlier, the City of Leon Valley 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 September 30, 2018, the City's governmental funds reported combined ending fund balances of \$8.9 million, an increase of \$1.2 million in comparison with fiscal year 2017. 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 \$1,000,000 for man-made or natural disaster emergencies.

For the fiscal year ended September 30, 2018, the fund balance of the City's general fund increased by \$215 thousand. Key factors in the increase are as follows:

- Ad valorem taxes, grants and fines were higher than budgeted.

For the fiscal year ended September 30, 2018, the fund balance of the City's Street Maintenance Tax Fund increased by \$552 thousand. The key factors in the increase are as follows:

- Public works expenditures were less than budgeted.

The debt service fund has a total fund balance of \$350 thousand, all of which is restricted for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$10 thousand.

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 \$2.6 million. The total increase in net position for the water and sewer fund was \$497 thousand. Most of this increase is due to an increase in the water rates and grant revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its budget for a total increase of \$2,676,812. The following are the main components of the increase:

- \$1.3 million supplemental appropriation to operate the impound lot and photographic traffic control system
- \$1.2 million supplemental appropriations for contractual obligations
- \$32 thousand supplemental appropriations for air conditioning unit replacement
- \$20 thousand supplemental appropriations for professional services

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, 2018 amounted to \$25.7 million (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 \$2.8 million from fiscal year 2017.

TABLE A-3
CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,317,346	\$ 1,317,346	\$ 203,227	\$ 113,227	\$ 1,520,573	\$ 1,430,573
Water Rights	-	-	1,782,783	1,657,728	1,782,783	1,657,728
Buildings	10,981,760	10,981,760	25,403	25,403	11,007,163	11,007,163
Water/Wastewater System - Plant	-	-	8,809,556	6,903,719	8,809,556	6,903,719
Transportation and Equipment	6,037,636	6,005,123	-	-	6,037,636	6,005,123
Infrastructure	12,256,134	11,972,595	860,586	807,331	13,116,720	12,779,926
Construction in Progress	2,575,914	251,577	-	1,532,238	2,575,914	1,783,815
Accumulated Depreciation	(13,645,560)	(13,230,801)	(5,495,728)	(5,291,941)	(19,141,288)	(18,522,742)
TOTALS	\$ 19,523,230	\$ 17,297,600	\$ 6,185,827	\$ 5,747,705	\$ 25,709,057	\$ 23,045,305

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, 2018, the City had a total bonded debt outstanding of \$9.3 million.

TABLE A-4
LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 6,596,261	\$ 7,028,220	\$ 2,023,662	\$ 2,062,543	\$ 8,619,923	\$ 9,090,763
Public Property Finance Contracts	685,000	735,000	-	-	685,000	735,000
TOTALS	\$ 7,281,261	\$ 7,763,220	\$ 2,023,662	\$ 2,062,543	\$ 9,304,923	\$ 9,825,763

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 2019, licenses, permits, fees and fines were budgeted with a 19% increase over 2018 actuals. The City adopted a tax rate of \$0.545877, which is a decrease from the fiscal year 2018 tax rate. The tax components are as follows: \$0.478277 for Maintenance and Operations and \$0.067600 for the Interest and Sinking. Overall tax revenues are anticipated to rise with the increase in property values within the City.

Expenditures for the general fund are budgeted at \$11,223,010 and capital expenditures are budgeted at \$880,434. Funding for the capital expenditures will come from the capital reserves and not the current year operating revenues.

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

CITY OF LEON VALLEY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents:			
Unrestricted	\$ 1,004,306	\$ 19,434	\$ 1,023,740
Restricted	-	141,879	141,879
Investments			
Unrestricted	7,295,652	-	7,295,652
Receivables (net of allowances):			
Property Taxes	157,501	-	157,501
Special Assessment	13,278	-	13,278
Other	1,194,763	729,208	1,923,971
Due from Other Governments	671,442	-	671,442
Inventories	11,163	-	11,163
<i>Total Current Assets</i>	<u>10,348,105</u>	<u>890,521</u>	<u>11,238,626</u>
<i>Noncurrent Assets:</i>			
Restricted Investments - Water/Wastewater	-	3,876,623	3,876,623
Capital Assets:			
Land	1,317,346	203,227	1,520,573
Water Rights	-	1,782,783	1,782,783
Buildings	10,981,760	25,403	11,007,163
Water/Wastewater System-Plant	-	8,809,556	8,809,556
Other Machinery and Equipment	1,660,394	-	1,660,394
Office Equipment	46,831	-	46,831
Infrastructure	12,256,134	-	12,256,134
Transportation and Equipment	4,330,411	860,586	5,190,997
Construction in Progress	2,575,914	-	2,575,914
Less: Accumulated Depreciation	<u>(13,645,560)</u>	<u>(5,495,728)</u>	<u>(19,141,288)</u>
<i>Total Noncurrent Assets:</i>	<u>19,523,230</u>	<u>10,062,450</u>	<u>29,585,680</u>
TOTAL ASSETS	<u>29,871,335</u>	<u>10,952,971</u>	<u>40,824,306</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Related Outflows	546,952	100,917	647,869
Deferred OPEB Related Outflows	<u>24,925</u>	<u>4,599</u>	<u>29,524</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 571,877</u>	<u>\$ 105,516</u>	<u>\$ 677,393</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 1,012,886	\$ 334,007	\$ 1,346,893
Accrued Expenses	285,446	24,399	309,845
Accrued Interest Payable	32,734	10,769	43,503
Current Portion of Compensated Absences	138,010	31,239	169,249
Current Portion of Long-Term Debt	446,959	43,881	490,840
Payable from Restricted Assets:			
Customer Deposits Payable	22,345	141,879	164,224
<i>Total Current Liabilities</i>	<u>1,938,380</u>	<u>586,174</u>	<u>2,524,554</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences	497,171	86,508	583,679
Net Pension Liability	1,249,730	230,584	1,480,314
OPEB Liability	340,303	62,788	403,091
Long-Term Debt	6,834,302	1,979,781	8,814,083
<i>Total Noncurrent Liabilities</i>	<u>8,921,506</u>	<u>2,359,661</u>	<u>11,281,167</u>
TOTAL LIABILITIES	<u>10,859,886</u>	<u>2,945,835</u>	<u>13,805,721</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	881,678	162,676	1,044,354
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>881,678</u>	<u>162,676</u>	<u>1,044,354</u>
NET POSITION			
Net Investment In Capital Assets	12,241,969	4,162,165	16,404,134
Restricted For:			
Economic Development	315,593	-	315,593
Public, Educational and Governmental	205,625	-	205,625
Debt Service	354,318	-	354,318
Street Maintenance	1,799,403	-	1,799,403
Crime Control and Prevention District	288,385	-	288,385
Federal Police Forfeitures	934,113	-	934,113
Other	129,910	-	129,910
Water Supply	-	275,282	275,282
Storm Water Fee	-	950,434	950,434
Unrestricted	2,432,332	2,212,095	4,644,427
TOTAL NET POSITION	<u>\$ 18,701,648</u>	<u>\$ 7,599,976</u>	<u>\$ 26,301,624</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 1,163,357	\$ 336,768	\$ -	\$ -
Public Safety	6,825,574	2,556,313	213,947	184,984
Public Works	1,366,183	-	312,328	1,485,444
Parks and Recreation	372,372	-	-	-
Library	421,642	-	-	-
Community Development	828,978	61,176	-	-
Interest and Fiscal Agent Fees	201,460	-	-	-
<i>Total Governmental Activities</i>	<u>11,179,566</u>	<u>2,954,257</u>	<u>526,275</u>	<u>1,670,428</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	4,720,880	4,623,442	-	485,976
<i>Total Business-Type Activities</i>	<u>4,720,880</u>	<u>4,623,442</u>	<u>-</u>	<u>485,976</u>
Total Primary Government	<u><u>\$ 15,900,446</u></u>	<u><u>\$ 7,577,699</u></u>	<u><u>\$ 526,275</u></u>	<u><u>\$ 2,156,404</u></u>
General Revenues:				
Taxes:				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Occupancy Taxes				
Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (826,589)	\$ -	\$ (826,589)
(3,870,330)	-	(3,870,330)
431,589	-	431,589
(372,372)	-	(372,372)
(421,642)	-	(421,642)
(767,802)	-	(767,802)
(201,460)	-	(201,460)
<u>(6,028,606)</u>	<u>-</u>	<u>(6,028,606)</u>
-	388,538	388,538
-	388,538	388,538
<u>(6,028,606)</u>	<u>388,538</u>	<u>(5,640,068)</u>
4,944,531	-	4,944,531
3,687,415	-	3,687,415
961,149	-	961,149
94,639	-	94,639
134,411	60,337	194,748
371,832	-	371,832
<u>10,193,977</u>	<u>60,337</u>	<u>10,254,314</u>
<u>(47,650)</u>	<u>47,650</u>	<u>-</u>
4,117,721	496,525	4,614,246
14,876,452	7,507,424	22,383,876
<u>(292,525)</u>	<u>(53,973)</u>	<u>(346,498)</u>
<u>\$ 18,701,648</u>	<u>\$ 7,949,976</u>	<u>\$ 26,651,624</u>

CITY OF LEON VALLEY
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Debt Service	Street Maintenance Tax Fund
ASSETS			
Cash and Cash Equivalents	\$ 266,463	\$ 359,705	\$ 24,583
Investments	4,597,756	-	1,670,324
Accounts Receivables (net of allowances):			
Taxes	133,903	23,598	-
Special Assessment	-	13,278	-
Other	1,164,424	1,394	-
Due from Other Governments	506,996	-	110,673
Inventories	11,163	-	-
TOTAL ASSETS	\$ 6,680,705	\$ 397,975	\$ 1,805,580
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 915,877	\$ 10,923	\$ 1,159
Accrued Expenses	272,763	-	5,018
Deposits Payable	850	-	-
<i>Total Liabilities</i>	<u>1,189,490</u>	<u>10,923</u>	<u>6,177</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenues - Taxes	137,656	36,876	-
<i>Total Deferred Inflows of Resources</i>	<u>137,656</u>	<u>36,876</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	11,163	-	-
Restricted for:			
Public, Educational and Governmental	205,625	-	-
Debt Service	-	350,176	-
Economic Development Corporation	315,593	-	-
Street Maintenance	-	-	1,799,403
Crime Control and Prevention District	-	-	-
Federal Police Forfeitures	-	-	-
Other	2,650	-	-
Committed for Disaster Emergencies	1,000,000	-	-
Assigned for:			
Red Light Camera Traffic Safety	211,776	-	-
Tree Mitigation and Replacement	25,875	-	-
Economic Development	221,476	-	-
Unassigned	3,359,401	-	-
<i>Total Fund Balances</i>	<u>5,353,559</u>	<u>350,176</u>	<u>1,799,403</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,680,705	\$ 397,975	\$ 1,805,580

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 353,555	\$ 1,004,306
1,027,572	7,295,652
-	157,501
-	13,278
28,945	1,194,763
53,773	671,442
-	11,163
<u>\$ 1,463,845</u>	<u>\$ 10,348,105</u>
\$ 84,927	\$ 1,012,886
7,665	285,446
21,495	22,345
<u>114,087</u>	<u>1,320,677</u>
-	174,532
<u>-</u>	<u>174,532</u>
-	11,163
-	205,625
-	350,176
-	315,593
-	1,799,403
288,385	288,385
934,113	934,113
127,260	129,910
-	1,000,000
-	211,776
-	25,875
-	221,476
-	3,359,401
<u>1,349,758</u>	<u>8,852,896</u>
<u>\$ 1,463,845</u>	<u>\$ 10,348,105</u>



CITY OF LEON VALLEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 8,852,896
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,523,230
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.		174,532
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.		(635,181)
Long-term liabilities, including bonds payable and related premiums, are not due and payable in the current period and therefore, not reported in the funds:		
Bonds Payable	(7,281,261)	
Accrued Interest Payable	<u>(32,734)</u>	(7,313,995)
Net Pension Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
Net Pension Liability	(1,249,730)	
Pension Related Deferred Inflows	(881,678)	
Pension Related Deferred Outflows	<u>546,952</u>	(1,584,456)
OPEB Liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources are not reported in governmental funds:		
OPEB Liability	(340,303)	
OPEB Related Deferred Outflows	<u>24,925</u>	<u>(315,378)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 18,701,648</u>

See accompanying notes to basic financial statements.

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

	General Fund	Debt Service	Street Maintenance Tax
REVENUES			
Property Taxes	\$ 4,250,391	\$ 690,360	\$ -
Sales Taxes	2,779,168	-	610,188
Franchise Taxes	961,149	-	-
Occupancy Taxes	-	-	-
Licenses and Permits	322,641	-	-
EMS	248,424	-	-
Fines and Forfeitures	1,654,623	-	-
Grants	2,180,940	-	-
Rent	-	-	-
Investment Earnings	99,353	-	18,119
Miscellaneous	243,183	-	-
TOTAL REVENUES	12,739,872	690,360	628,307
EXPENDITURES			
<i>Current:</i>			
Administration	924,587	-	-
Public Safety	6,021,396	-	-
Public Works	1,058,984	-	76,196
Parks and Recreation	358,460	-	-
Library	402,110	-	-
Community Development	574,455	-	-
<i>Capital Outlay</i>	3,137,262	-	-
<i>Debt Service:</i>			
Principal	-	475,000	-
Interest and Fiscal Charges	-	205,809	-
TOTAL EXPENDITURES	12,477,254	680,809	76,196
Excess (Deficiency) of Revenues Over (Under) Expenditures	262,618	9,551	552,111
OTHER FINANCING SOURCES (USES)			
Transfers In	-	750	-
Transfers Out	(48,400)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(48,400)	750	-
Net Change in Fund Balance	214,218	10,301	552,111
Fund Balances at Beginning of Year	5,139,341	339,875	1,247,292
Fund Balances at End of Year	\$ 5,353,559	\$ 350,176	\$ 1,799,403

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,940,751
298,059	3,687,415
-	961,149
94,639	94,639
-	322,641
-	248,424
788,334	2,442,957
3,163	2,184,103
61,176	61,176
16,939	134,411
18,765	261,948
<u>1,281,075</u>	<u>15,339,614</u>
13,283	937,870
641,605	6,663,001
-	1,135,180
-	358,460
-	402,110
193,948	768,403
-	3,137,262
-	475,000
-	205,809
<u>848,836</u>	<u>14,083,095</u>
<u>432,239</u>	<u>1,256,519</u>
-	750
<u>-</u>	<u>(48,400)</u>
<u>-</u>	<u>(47,650)</u>
432,239	1,208,869
<u>917,519</u>	<u>7,644,027</u>
<u>\$ 1,349,758</u>	<u>\$ 8,852,896</u>



CITY OF LEON VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES,
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,208,869

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	3,066,700	
Depreciation Expense	<u>(841,070)</u>	2,225,630

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 5,312

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

Principal Repayments	619,970	
Amortization of Premiums, Discounts, Losses	<u>(5,079)</u>	614,891

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined pension expense exceeded contributions. 246,433

Governmental funds report required contributions to OPEB as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that actuarially determined OPEB expense exceeded contributions. (22,853)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated Absences	(25,020)	
Accrued Interest	<u>2,469</u>	<u>(22,551)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 4,255,731

CITY OF LEON VALLEY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Business-Type Activity
	Water and Wastewater
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents:	
Unrestricted	\$ 19,434
Restricted for Customer Deposits	141,879
Accounts Receivable, Net of Allowance:	
Customer Accounts	729,208
<i>Total Current Assets</i>	890,521
 <i>Noncurrent Assets:</i>	
Restricted Investments - Water/Wastewater	3,876,623
Capital Assets:	
Land	203,227
Water Rights	1,782,783
Buildings and Improvements	25,403
Water/Wastewater System-Plant	8,809,556
Transportation and Equipment	860,586
Less: Accumulated Depreciation	(5,495,728)
<i>Total Noncurrent Assets</i>	10,062,450
 TOTAL ASSETS	 10,952,971
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Outflows	100,917
Deferred OPEB Related Outflows	4,599
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 105,516

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2018

	Business-Type Activity <u>Water and Wastewater</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 334,007
Accrued Expenses	24,399
Accrued Interest Payable	10,769
Current Portion of Compensated Absences	31,239
Current Portion of Long-Term Debt	43,881
Payable from Restricted Assets:	
Customer Deposits Payable	141,879
<i>Total Current Liabilities</i>	<u>586,174</u>
 <i>Noncurrent Liabilities:</i>	
Compensated Absences	86,508
Net Pension Liability	230,584
OPEB Liability	62,788
Long-Term Debt	1,979,781
<i>Total Noncurrent Liabilities</i>	<u>2,359,661</u>
TOTAL LIABILITIES	<u>2,945,835</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Inflows	162,676
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>162,676</u>
 NET POSITION	
Net Investment in Capital Assets	4,162,165
Restricted for:	
Water Supply Fee Reserve	275,282
Storm Water Fee Reserve	950,434
Unrestricted	
Unrestricted Appropriated Net Assets	350,000
Unrestricted	2,212,095
TOTAL NET POSITION	<u><u>\$ 7,949,976</u></u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Business-Type Activities
	Water and Sewer System
OPERATING REVENUES	
Metered Water Sales	\$ 1,467,285
Wastewater Sales Charges	2,311,944
Storm Water Fees	393,896
Connection and Platting	318,771
Customer Penalties	57,186
Customer Disconnect Fees	8,460
Tap Fees	28,707
TOTAL OPERATING REVENUES	4,586,249
OPERATING EXPENSES	
General and Administrative	768,354
Water System	1,389,587
Wastewater System	1,960,445
Stormwater System	335,060
Depreciation	203,787
TOTAL OPERATING EXPENSES	4,657,233
OPERATING INCOME (LOSS)	(70,984)
NONOPERATING REVENUES (EXPENSES)	
Grants	485,976
Investment Earnings	60,337
Interest Expense	(63,647)
Impact Fees	37,193
TOTAL NONOPERATING REVENUES (EXPENSES)	519,859
Excess (Deficiency) of Revenues Over (Under) Expenditures	448,875
TRANSFERS	
Transfers In	47,650
TOTAL TRANSFERS	47,650
CHANGE IN NET POSITION	496,525
NET POSITION AT BEGINNING OF YEAR	7,507,424
Prior Period Adjustment	(53,973)
NET POSITION AT END OF YEAR	\$ 7,949,976

See accompanying notes to basic financial statements.

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

	Business-Type Activities
	Water and Sewer System
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 4,558,001
Cash Paid to Supplier for Goods & Services	(3,170,474)
Cash Paid for Employee Salaries and Benefits	(1,288,518)
Net Cash Provided (Used) by Operating Activities	99,009
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(641,909)
Impact, Grants and Misc. Fees	523,169
Interest Paid on Long-Term Debt	(63,647)
Transfers from Other Funds for Projects	47,650
Principal Paid on Long-Term Debt	(38,881)
Net Cash Provided (Used) by Capital and Related Financing Activities	(173,618)
Cash Flows From Investing Activities:	
Purchase of Investments	(330,692)
Interest and Investment Earnings	60,337
Net Cash Provided (Used) by Investing Activities	(270,355)
Net Increase (Decrease) in Cash and Cash Equivalents	(344,964)
Cash and Cash Equivalents at Beginning of Year:	
Cash and Cash Equivalents	363,642
Restricted Cash and Cash Equivalents	142,635
	506,277
Cash and Cash Equivalents at End of Year:	
Cash and Cash Equivalents	19,434
Restricted Cash and Cash Equivalents	141,879
	\$ 161,313

See accompanying notes to basic financial statements.

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

	Business-Type Activity <u>Water and Wastewater</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ (70,984)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	203,787
Decrease (Increase) in Assets:	
Accounts Receivable (net)	(27,492)
Prepaid Expenses	8,303
Deferred Pension Related Outflows	260,691
Deferred OPEB Related Outflows	(4,599)
Increase (Decrease) in Liabilities:	
Accounts Payable	49,205
Accrued Expenditures	(19,642)
Accrued Interest Payable	(583)
Customer Deposits	(756)
Compensated Absences	23,508
Net Pension Liability	(397,383)
OPEB Liability	8,815
Deferred Pension Related Inflows	<u>66,139</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 99,009</u>
Noncash Capital and Related Financing Transactions:	
Developer Contributions of Capital Assets	\$ -
Contribution of Capital Asset from General Fund	\$ -
Assets Purchased through Capital Lease	\$ -

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 upon the application of these criteria, the City has not component units.

B. Government-Wide and 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
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Government-Wide and 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.

D. 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, 2017, and became due October 1, 2017 have been assessed to finance the budget of the fiscal year beginning October 1, 2017 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2018.

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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Debt Service Fund accounts for financial resources to be used for the payment of long term debt.

Street Maintenance Tax Fund accounts for sales tax collection for street maintenance. This special tax was approved by voters starting in November 2007.

Nonmajor funds include special revenue 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.

E. 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, and money market accounts to be cash equivalents.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2017 and past due after January 31, 2018. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

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

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

H. Short-Term Inter-fund 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".

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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.

J. Budget

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

K. 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.

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

L. 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, donated works of art and capital assets received in a service concession arrangement are recorded at estimated acquisition 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:

Asset	Useful Lives (Years)
Buildings	60
Water/Wastewater System - Plant	15 - 60
Other Machinery & Equipment	3 - 60
Office Equipment	6 - 12
Vehicles	3 - 24
Infrastructure	12 - 60

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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. The City is responsible for payment of vested or accumulated vacation leave and compensatory time. 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, 2018 of \$117,747 and \$635,181 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.

N. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension and OPEB related deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resources in the period the amounts become available. The City also has pension related deferred inflows.

O. 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.

P. OPEB Liability

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deduction from TMRS's Total OPEB Liability 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. 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.

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 Manager or Finance Director. Assigned fund balance is delegated by the City Council to the City Manager.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balance Classification Policies (Continued)

- **Unassigned** - This classification is the default for all funds that do not fit into the other categories. The general fund is the only fund that reports a positive fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for a specific purposes, it may be necessary to report a negative unassigned fund balance in that particular fund.

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. Inter-fund Transactions

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

U. 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 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 non-operating.

V. 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.

W. Adoption of Governmental Accounting Standards Board Statement

For the year ending September 30, 2018, the City implemented GASB Statement No. 75 related to accounting for postemployment benefits other than pensions (OPEB). This new standard requires that the City's OPEB plan recognize the total OPEB liability (asset) and OPEB related deferred inflows and outflows of resources on the City's government-wide statements. This change required a prior period to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the total OPEB liability at September 30, 2017, less associated OPEB related deferred outflows and inflows of resources. The amount of the restatement can be seen in more detail in Note 8.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

X. New Accounting Pronouncements

The Government Accounting Standards Board has issued the following statements:

- **Statement No. 83, Certain Asset Retirement Obligations** - The requirements of this Statement will take effect for reporting periods beginning after June 15, 2018. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets will recognize a liability based on the best estimate of the current value of outlays expected to be incurred. The City has not early adopted this pronouncement.
- **Statement No. 84, Fiduciary Activities** – The requirements of this Statement will take effect for reporting periods beginning after December 15, 2018. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting certain criteria will be reported in a fiduciary fund in the basic financial statements. The City has not early adopted this pronouncement.
- **Statement No. 87, Leases** – The requirements of this Statement will take effect for reporting periods beginning after December 15, 2019. A lessee will be required to recognize the assets and liabilities for leases with lease terms of more than 12 months. The City has not early adopted this pronouncement.

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash

At September 30, 2018, the carrying amount of the City's cash on hand was \$1,600; deposits in the bank were \$1,828,731 and the book balance was \$1,164,973. The City's cash 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS

B. Investments (Continued)

The City's investments at September 30, 2018 are as shown below:

Investment Type	Fair Value	Weighted Average Maturity in Days	Ratings	
			MOODY'S	S&P
TexPool	\$ 11,172,275	37	Aaa	AAAM
Investment Type	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
TexPool	\$ 11,172,275	\$ -	\$ -	\$ 11,172,275

Fair Value Measurement is measured by the City using the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in the active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the City's investments carried at fair value are valued using quoted markets prices (Level 1 inputs).

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, 2018, 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 2 -- CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Analysis of Specific Deposit and Investment Risks (Continued)

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.

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 791 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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.

B. Receivables

Receivables consist of the following as of September 30, 2018

	Governmental Funds				Proprietary Fund
	General	Debt Service	Street Maintenance Tax	Nonmajor Funds	Water and Sewer Fund
<i>Receivables:</i>					
Property Taxes	\$ 158,195	\$ 27,763	\$ -	\$ -	\$ -
Special Assessment	-	13,278	-	-	-
EMS	209,384	-	-	-	-
Sales Taxes	506,996	-	110,673	-	-
Franchise Taxes	48,076	-	-	-	-
Occupancy Taxes	-	-	-	27,996	-
Customers	-	-	-	-	738,966
Grants	575,889	-	-	-	-
Other	540,459	1,393	-	54,722	-
Gross Receivables	<u>2,038,999</u>	<u>42,434</u>	<u>110,673</u>	<u>82,718</u>	<u>738,966</u>
Less: Allowance for Uncollectibles	<u>(233,676)</u>	<u>(4,164)</u>	<u>-</u>	<u>-</u>	<u>(9,758)</u>
Net Total Receivables	<u>\$ 1,805,323</u>	<u>\$ 38,270</u>	<u>\$ 110,673</u>	<u>\$ 82,718</u>	<u>\$ 729,208</u>

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

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, 2017, upon which the fiscal 2018 levy was based, was \$949,714,257 (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, 2018 was \$0.556599 per \$100 of assessed value, which means that the City has a tax margin of \$ 1.943401 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.

NOTE 5 -- INTERFUND TRANSACTIONS

Transfers consisted of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Water & Sewer	Debt	\$ 750	Supplement Debt Payment
General Fund	Water & Sewer	\$ 48,400	Funding for Huebner Road Silos

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6 -- CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Governmental Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 1,317,346	\$ -	\$ -	\$ -	\$ 1,317,346
Construction in Progress	251,577	2,345,923	-	(21,586)	2,575,914
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,568,923</u>	<u>2,345,923</u>	<u>-</u>	<u>(21,586)</u>	<u>3,893,260</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings	10,981,760	-	-	-	10,981,760
Other Machinery and Equipment	1,643,021	102,276	(84,903)	-	1,660,394
Office Equipment	40,874	5,957	-	-	46,831
Vehicles	4,321,228	350,590	(341,407)	-	4,330,411
Infrastructure	11,972,594	261,954	-	21,586	12,256,134
<i>Total Capital Assets Being Depreciated</i>	<u>28,959,477</u>	<u>720,777</u>	<u>(426,310)</u>	<u>21,586</u>	<u>29,275,530</u>
<i>Accumulated Depreciation:</i>					
Buildings	(1,937,029)	(222,130)	-	-	(2,159,159)
Other Machinery and Equipment	(1,436,761)	(78,410)	84,903	-	(1,430,268)
Office Equipment	(10,920)	(99)	-	-	(11,019)
Vehicles	(2,529,032)	(352,715)	341,407	-	(2,540,340)
Infrastructure	(7,317,058)	(187,716)	-	-	(7,504,774)
<i>Total Accumulated Depreciation</i>	<u>(13,230,800)</u>	<u>(841,070)</u>	<u>426,310</u>	<u>-</u>	<u>(13,645,560)</u>
Total Capital Assets Being Depreciated, Net	<u>15,728,677</u>	<u>(120,293)</u>	<u>-</u>	<u>21,586</u>	<u>15,629,970</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,297,600</u>	<u>\$ 2,225,630</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,523,230</u>
Business-Type Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 113,227	\$ 90,000	\$ -	\$ -	\$ 203,227
Water Rights	1,657,728	125,055	-	-	1,782,783
Construction in Progress	1,532,238	129,470	-	(1,661,708)	-
<i>Total Assets Not Being Depreciated</i>	<u>3,303,193</u>	<u>344,525</u>	<u>-</u>	<u>(1,661,708)</u>	<u>1,986,010</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings and Improvements	25,403	-	-	-	25,403
Waster/Wastewater System - Plant	6,903,719	244,129	-	1,661,708	8,809,556
Transportation and Equipment	807,331	53,255	-	-	860,586
<i>Total Capital Assets Being Depreciated</i>	<u>7,736,453</u>	<u>297,384</u>	<u>-</u>	<u>1,661,708</u>	<u>9,695,545</u>
<i>Accumulated Depreciation:</i>					
Buildings and Improvements	(20,345)	(410)	-	-	(20,755)
Infrastructure	(4,635,195)	(137,051)	-	-	(4,772,246)
Machinery, Equipment, and Vehicles	(636,401)	(66,326)	-	-	(702,727)
<i>Total Accumulated Depreciation</i>	<u>(5,291,941)</u>	<u>(203,787)</u>	<u>-</u>	<u>-</u>	<u>(5,495,728)</u>
Total Capital Assets Being Depreciated, Net	<u>2,444,512</u>	<u>93,597</u>	<u>-</u>	<u>1,661,708</u>	<u>4,199,817</u>
Business-Type Activities Capital Assets, Net	<u>\$ 5,747,705</u>	<u>\$ 438,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,185,827</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6 -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
Administration	\$ 209,604
Public Safety	344,208
Public Works	200,385
Parks and Recreation	13,807
Community Development	57,325
Library	15,741
<i>Total Depreciation Expense - Governmental Activities</i>	<u>\$ 841,070</u>
 <i>Business-Type Activities:</i>	
Water and Sewer System	\$ 203,787
<i>Total Depreciation Expense - Business Type Activities</i>	<u>\$ 203,787</u>

NOTE 7 -- LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2018 were comprised of the following individual issues:

	Issue Amount	Maturity	Rate	Balance
<i>Primary Government</i>				
Governmental Activities:				
General Obligation Bonds				
2012 Series	\$ 7,000,000	2032	1.25-3.25%	\$ 6,500,000
Public Property Financing Contracts				
2009 Public Property Finance Contract	\$ 1,060,000	2029	3.125-5%	685,000
Total Governmental Long-Term Obligations				<u>\$ 7,185,000</u>
	Issue Amount	Maturity	Rate	Balance
Business Type:				
Certificates of Obligation				
2016 Series	\$ 1,970,000	2046	4.01%	\$ 1,915,000
Total Business-Type Long-Term Obligations				<u>\$ 1,915,000</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 7 -- LONG-TERM DEBT (Continued)

	Balance 9/30/2017	Additions	Reductions	Balance 9/30/2018	Due Within One Year
<i>Governmental Activities:</i>					
General Obligation Bonds	\$ 6,600,000	\$ -	\$ (100,000)	\$ 6,500,000	\$ 390,000
General Obligation Refunding Bonds	325,000	-	(325,000)	-	-
Public Property Finance Contract	735,000	-	(50,000)	685,000	50,000
Unamortized Premium	103,220	-	(6,959)	96,261	6,959
Compensated Absences	610,161	163,030	(138,010)	635,181	138,010
<i>Total Governmental Activities</i>	<u>\$ 8,373,381</u>	<u>\$ 163,030</u>	<u>\$ (619,969)</u>	<u>\$ 7,916,442</u>	<u>\$ 584,969</u>
<i>Business-Type Activities:</i>					
Certificates of Obligation	\$ 1,950,000	\$ -	\$ (35,000)	\$ 1,915,000	\$ 40,000
Unamortized Premium	112,543	-	(3,881)	108,662	3,881
<i>Total Business-Type Activities</i>	<u>\$ 2,062,543</u>	<u>\$ -</u>	<u>\$ (38,881)</u>	<u>\$ 2,023,662</u>	<u>\$ 43,881</u>

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

September 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 440,000	\$ 193,498	\$ 633,498
2020	450,000	183,741	633,741
2021	460,000	173,536	633,536
2022	470,000	163,126	633,126
2023	480,000	152,411	632,411
2024-2028	2,585,000	570,447	3,155,447
2029-2032	2,300,000	181,489	2,481,489
Total	<u>\$ 7,185,000</u>	<u>\$ 1,618,248</u>	<u>\$ 8,803,248</u>
Business-Type Activities			
September 30,	Principal	Interest	Total
2019	\$ 40,000	\$ 66,363	\$ 106,363
2020	40,000	64,363	104,363
2021	45,000	62,363	107,363
2022	45,000	60,112	105,112
2023	50,000	57,863	107,863
2024-2028	275,000	256,088	531,088
2029-2033	320,000	207,763	527,763
2024-2038	370,000	152,513	522,513
2039-2043	435,000	88,600	523,600
2044-2046	295,000	18,594	313,594
Total	<u>\$ 1,915,000</u>	<u>\$ 1,034,622</u>	<u>\$ 2,949,622</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 8 -- PRIOR PERIOD ADJUSTMENT

In accordance with GASB Statement No. 75, the City has recorded a prior period adjustment to recognize the Other Post-Employment Benefits (OPEB) Liability as described in Note 10, below. The OPEB liability at September 30, 2017 was allocated between the general fund and the water and wastewater funds resulting in a prior period adjustment to restate the beginning fund balances as of September 30, 2017 as follows:

	General Fund	Water and Wastewater Fund
Beginning Fund Balance/Net Position, as Previously Reported	\$ 14,876,452	\$ 7,507,424
Understated OPEB Liability	(292,525)	(53,973)
Beginning Fund Balance/Net Position, Restated	\$ 14,583,927	\$ 7,453,451

NOTE 9-- PENSION PLAN

Texas Municipal Retirement System

A. Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

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.

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.

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 9 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

B. Benefits Provided (Continued)

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	99
Inactive Employees Entitled to but Not Yet Receiving Benefits	61
Active Employees	103
	263

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 12.92% and 13.22% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$818,802, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

E. Actuarial Assumptions

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year	
Overall Payroll Growth	3.0% per year	
Investment Rate of Return	6.75%, 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 Blue Collar Adjustment, 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.

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 9 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions (Continued)

For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
	<u>100.00%</u>	

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 9 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

F. Discount Rate

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

G. Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2016	\$ 39,181,035	\$ 35,384,841	\$ 3,796,194
Changes for the year:			
Service Cost	842,875	-	842,875
Interest	2,599,775	-	2,599,775
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	194,960	-	194,960
Changes of Assumptions	-	-	-
Contributions - Employer	-	735,312	(735,312)
Contributions - Employee	-	341,475	(341,475)
Net Investment Income	-	4,903,405	(4,903,405)
Benefit Payments, Including Refunds of Employee Contributions	(2,174,580)	(2,174,580)	-
Administrative Expense	-	(25,416)	25,416
Other Changes	-	(1,286)	1,286
Net Changes	1,463,030	3,778,910	(2,315,880)
Balance at December 31, 2017	\$ 40,644,065	\$ 39,163,751	\$ 1,480,314

	2016	2017
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.31%	96.36%
Covered Payroll	\$ 5,027,846	\$ 5,691,256
Net Pension Liability as a Percentage of Covered Payroll	75.50%	26.01%

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE 9 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

G. Changes in Net Pension Liability (Asset) (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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 6,874,404	\$ 1,480,314	\$ (2,961,103)

H. 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.tmrs.com.

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

For the year ended September 30, 2018, the City recognized pension expense of \$501,816.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 61,087
Changes in Actuarial Assumptions	42,544	-
Differences Between Projected and Actual Investment Earnings	-	983,267
Contributions Subsequent to the Measurement Date	605,325	-
	\$ 647,869	\$ 1,044,354

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 9 -- PENSION PLAN (Continued)

Texas Municipal Retirement System (Continued)

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

The City reported \$605,325 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2017) will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended December 31,	
2018	\$ (59,141)
2019	12,219
2020	(451,903)
2021	(502,985)
2022	-
Thereafter	-
	\$ (1,001,810)

NOTE 10 -- OTHER POST EMPLOYMENT BENEFITS (OPEB)

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.

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. Membership in the plan at December 31, 2017, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	77
Inactive Employees Entitled to but Not Yet Receiving Benefits	6
Active Employees	103
	186

The SDBF required contribution rates, based on these assumptions, are as follows:

For the Calendar Year Ended December 31,	Total SDBF Contribution Rate	Retiree Portion to SDBF Contribution Rate
2017	0.19%	0.05%
2018	0.18%	0.06%

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 10 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

These contribution rates are based on actuarial assumptions developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method. These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	3.31% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid thru the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality Rates - Disabled Retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and femal rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2017 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2016	\$ 348,518
Changes for the year:	
Service Cost	11,383
Interest	13,335
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions or Other Inputs	32,701
Benefit Payments	(2,846)
Net Changes	54,573
Balance at December 31, 2017	\$ 403,091

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

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 10 -- OTHER POST EMPLOYMENT BENEFIT (OPEB) (Continued)

The following presents the TOL of the City, calculated using the discount rate of 3.31% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (2.31%) and 1-percentage point higher (4.31%) than the current rate:

	Discount Rate 2.31%	Discount Rate 3.31%	Discount Rate 4.31%
Total OPEB Liability	\$ 487,791	\$ 403,091	\$ 337,699

For the year ended September 30, 2018, the City recognized OPEB expense of \$11,381. Also as of September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	\$ 26,777	\$ -
Contributions Subsequent to the Measurement Date	2,747	-
	\$ 29,524	\$ -

Deferred outflows of resources in the amount of \$2,747 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended December 31,	
2018	\$ 5,924
2019	5,924
2020	5,924
2021	5,924
2022	3,081
	\$ 26,777

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 11 -- FUND BALANCE

As of September 30, 2018, fund balances consist of the following:

	General Fund	Debt Service	Street Maintenance Tax Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<i>Fund Balances:</i>					
Nonspendable:					
Inventory	\$ 11,163	\$ -	\$ -	\$ -	\$ 11,163
Prepaid Items	-	-	-	-	-
Restricted for:					
Public, Education and Governmental	205,625	-	-	-	205,625
Debt Service	-	350,176	-	-	350,176
Economic Development Corporation	315,593	-	-	-	315,593
Street Maintenance	-	-	1,799,403	-	1,799,403
Crime Control and Prevention District	-	-	-	288,385	288,385
Federal Police Forfeitures	-	-	-	934,113	934,113
Other:					
Park Bucks	2,650	-	-	-	2,650
Community Center	-	-	-	77,381	77,381
Grants	-	-	-	2,744	2,744
Child Safety	-	-	-	19,040	19,040
State Police Forfeiture	-	-	-	6,586	6,586
Building Security	-	-	-	7,009	7,009
Court Technology	-	-	-	14,500	14,500
Committed for Disaster Emergencies	1,000,000	-	-	-	1,000,000
Assigned for:					
Red Light Camera Traffic Safety	211,776	-	-	-	211,776
Tree Mitigation and Replacement	25,875	-	-	-	25,875
Economic Development	221,476	-	-	-	221,476
Unassigned	3,359,401	-	-	-	3,359,401
<i>Total Fund Balances</i>	<u>\$ 5,353,559</u>	<u>\$ 350,176</u>	<u>\$ 1,799,403</u>	<u>\$ 1,349,758</u>	<u>\$ 8,852,896</u>

NOTE 12 -- 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
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 13 -- COMMITMENTS

The City of Leon Valley has entered into commitments for various projects as follows:

<i>Primary Government:</i>	<u>Estimated Project Cost to City</u>	<u>Expended to Date</u>	<u>Estimated Future Commitment</u>
<i>Governmental Activities:</i>			
Evers Road Bridge	\$ 2,328,572	\$ 2,238,644	\$ 89,928
Traffic Signal Repair	115,771	77,251	38,520
Total Governmental Commitments	<u>2,328,572</u>	<u>2,238,644</u>	<u>128,448</u>
<i>Business-Type Activities:</i>			
Cades Cove Water & Sewer Improvements	<u>605,564</u>	<u>436,242</u>	<u>169,322</u>
Total Business-Type Activities	<u>605,564</u>	<u>436,242</u>	<u>169,322</u>
Total Estimated Future Commitments	<u>\$ 2,934,136</u>	<u>\$ 2,674,886</u>	<u>\$ 297,770</u>

NOTE 14 -- 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 modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2018 were \$231,497.



REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule - General Fund
- Budgetary Comparison Schedule - Street Maintenance Tax Fund
- Schedule of Changes in Net Pension Liability and Related Ratios - Last 10 Plan Years
- Schedule of Contributions - Last 10 Fiscal Years
- Schedule of Changes in Total Other Post-Employment Benefit Liability and Related Ratios

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018	Variance With	2017
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)	
REVENUES					
Property Taxes	\$ 3,950,919	\$ 3,950,919	\$ 4,250,391	\$ 299,472	\$ 4,054,609
Sales Taxes	2,664,260	2,664,260	2,779,168	114,908	2,651,475
Franchise Taxes	982,001	982,001	961,149	(20,852)	1,104,166
Licenses and Permits	254,100	254,100	322,641	68,541	308,806
Charges for Service	213,900	213,900	248,424	34,524	257,107
Fines and Forfeitures	580,000	580,000	1,654,623	1,074,623	430,852
Grants	1,383,300	1,383,300	2,180,940	797,640	159,303
Investment Earnings	23,000	23,000	99,353	76,353	43,701
Miscellaneous	185,152	185,152	243,183	58,031	687,720
TOTAL REVENUES	10,236,632	10,236,632	12,739,872	2,503,240	9,697,739
EXPENDITURES					
Administration:					
<i>Business Office:</i>					
Personnel Services	66,366	66,366	61,901	4,465	62,181
Supplies	10,160	10,160	12,546	(2,386)	19,567
Contracted Services	55,602	55,602	56,023	(421)	54,275
<i>Total Business Office</i>	<u>132,128</u>	<u>132,128</u>	<u>130,470</u>	<u>1,658</u>	<u>136,023</u>
<i>Finance and Accounting:</i>					
Personnel Services	141,702	141,702	137,307	4,395	153,361
Supplies	4,100	4,100	2,521	1,579	7,692
Contracted Services	86,205	86,205	78,220	7,985	67,342
<i>Total Finance and Accounting</i>	<u>232,007</u>	<u>232,007</u>	<u>218,048</u>	<u>13,959</u>	<u>228,395</u>
<i>Council and Manager:</i>					
Personnel Services	443,706	384,557	321,627	62,930	308,592
Supplies	30,620	30,620	22,359	8,261	29,518
Contracted Services	171,658	191,658	232,083	(40,425)	170,705
Capital Outlay	23,265	23,265	5,956	17,309	541,534
<i>Total Council and Manager</i>	<u>669,249</u>	<u>630,100</u>	<u>582,025</u>	<u>48,075</u>	<u>1,050,349</u>
Total Administration	\$ 1,033,384	\$ 994,235	\$ 930,543	\$ 63,692	\$ 1,414,767

CITY OF LEON VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018 Actual Amounts	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
Public Safety					
<i>Law Enforcement Administration:</i>					
Personnel Services	\$ 366,070	\$ 406,473	\$ 330,723	\$ 75,750	\$ 248,086
Supplies	4,500	23,527	23,503	24	8,547
Contracted Services	34,648	42,306	56,954	(14,648)	32,106
Capital Outlay	-	30,000	28,663	1,337	-
<i>Total Law Enforcement Administration</i>	<u>405,218</u>	<u>502,306</u>	<u>439,843</u>	<u>62,463</u>	<u>288,739</u>
<i>Law Enforcement Traffic Safety:</i>					
Personnel Services	-	223,377	162,723	60,654	-
Supplies	-	212,929	88,364	124,565	-
Contracted Services	-	5,270	75,458	(70,188)	-
Capital Outlay	-	-	12,500	(12,500)	-
<i>Total Law Enforcement Traffic Safety</i>	<u>-</u>	<u>441,576</u>	<u>339,045</u>	<u>102,531</u>	<u>-</u>
<i>Law Enforcement Patrol:</i>					
Personnel Services	1,403,700	1,403,700	1,333,412	70,288	1,204,307
Supplies	68,000	95,350	93,303	2,047	76,181
Contracted Services	37,811	37,811	40,909	(3,098)	43,025
<i>Total Law Enforcement Patrol</i>	<u>1,509,511</u>	<u>1,536,861</u>	<u>1,467,624</u>	<u>69,237</u>	<u>1,323,513</u>
<i>Law Enforcement Investigations:</i>					
Personnel Services	263,504	263,504	234,833	28,671	236,003
Supplies	4,300	4,300	3,697	603	1,433
Contracted Services	13,008	13,008	13,240	(232)	10,576
<i>Total Law Enforcement Investigations</i>	<u>280,812</u>	<u>280,812</u>	<u>251,770</u>	<u>29,042</u>	<u>248,012</u>
<i>Law Enforcement Narcotics:</i>					
Personnel Services	170,191	170,191	158,108	12,083	146,712
Contracted Services	240	240	129	111	143
<i>Total Law Enforcement Narcotics</i>	<u>170,431</u>	<u>170,431</u>	<u>158,237</u>	<u>12,194</u>	<u>146,855</u>
<i>Law Enforcement Red Light Camera:</i>					
Personnel Services	-	226,592	218,162	8,430	-
Supplies	-	37,581	53,649	(16,068)	-
Contracted Services	-	460,157	387,107	73,050	-
Capital Outlay	-	-	34,825	(34,825)	-
<i>Total Law Enforcement Red Light Cameras</i>	<u>\$ -</u>	<u>\$ 724,330</u>	<u>\$ 693,743</u>	<u>\$ 30,587</u>	<u>\$ -</u>

CITY OF LEON VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018 Actual Amounts	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
Public Safety (Cont.)					
<i>Fire Protection Administration:</i>					
Personnel Services	\$ 420,269	\$ 420,269	\$ 413,691	\$ 6,578	\$ 347,982
Supplies	5,914	5,914	5,407	507	6,312
Contracted Services	43,392	43,392	31,534	11,858	43,824
Capital Outlay	-	-	-	-	43,016
<i>Total Fire Protection Administration</i>	<u>469,575</u>	<u>469,575</u>	<u>450,632</u>	<u>18,943</u>	<u>441,134</u>
<i>Fire Protection Operations:</i>					
Personnel Services	2,030,320	2,081,719	1,981,059	100,660	1,770,007
Supplies	38,575	38,575	108,425	(69,850)	47,488
Contracted Services	75,573	93,796	71,559	22,237	70,314
Capital Outlay	32,000	32,000	-	32,000	-
<i>Total Fire Protection Operations</i>	<u>2,176,468</u>	<u>2,246,090</u>	<u>2,161,043</u>	<u>85,047</u>	<u>1,887,809</u>
<i>Emergency Medical Services:</i>					
Personnel Services	-	-	-	-	-
Supplies	44,000	58,103	77,382	(19,279)	58,903
Contracted Services	57,316	57,316	58,065	(749)	55,486
Capital Outlay	204,000	204,000	191,436	12,564	-
<i>Total Emergency Medical Services</i>	<u>305,316</u>	<u>319,419</u>	<u>326,883</u>	<u>(7,464)</u>	<u>114,389</u>
Total Public Safety	<u>5,317,331</u>	<u>6,691,400</u>	<u>6,288,820</u>	<u>402,580</u>	<u>4,450,451</u>
Public Works:					
Personnel Services	814,898	821,518	681,523	139,995	763,285
Supplies	219,000	219,000	186,691	32,309	224,712
Contracted Services	244,975	244,975	190,770	54,205	386,635
Capital Outlay	1,856,474	3,117,575	2,738,042	379,533	406,678
Total Public Works	<u>3,135,347</u>	<u>4,403,068</u>	<u>3,797,026</u>	<u>606,042</u>	<u>1,781,310</u>
Parks and Recreation:					
Personnel Services	83,516	87,646	68,935	18,711	23,145
Supplies	48,000	66,000	67,072	(1,072)	19,417
Contracted Services	189,700	219,300	222,453	(3,153)	281,817
Capital Outlay	167,000	167,000	125,840	41,160	-
Total Parks and Recreation	<u>\$ 488,216</u>	<u>\$ 539,946</u>	<u>\$ 484,300</u>	<u>\$ 55,646</u>	<u>\$ 324,379</u>

CITY OF LEON VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018	Variance With	2017
	Original	Final	Actual	Final Budget - Positive (Negative)	
Library:			Amounts		Actual
Personnel Services	\$ 324,876	\$ 324,876	\$ 309,861	15,015	\$ 279,281
Supplies	25,000	25,000	35,112	(10,112)	41,907
Contracted Services	39,990	60,590	57,137	3,453	38,835
Capital Outlay	10,000	10,000	-	10,000	-
Total Library	399,866	420,466	402,110	18,356	360,023
Communications:					
Personnel Services	-	-	-	-	138,054
Supplies	-	-	-	-	3,825
Contracted Services	-	-	-	-	180,848
Capital Outlay	-	-	-	-	23,053
Total Communications	-	-	-	-	345,780
Development Activities:					
<i>Community Development/ Events:</i>					
Personnel Services	247,512	247,512	208,727	38,785	120,409
Supplies	8,100	8,100	6,351	1,749	6,023
Contracted Services	124,623	124,623	157,225	(32,602)	131,885
<i>Total Community Development/ Events</i>	380,235	380,235	372,303	7,932	258,317
<i>Special Events:</i>					
Personnel Services	19,757	19,757	18,946	811	15,296
Supplies	68,350	100,850	94,467	6,383	110,463
<i>Total Special Events</i>	88,107	120,607	113,413	7,194	125,759
<i>Economic Development:</i>					
Personnel Services	50,006	50,006	46,903	3,103	55,869
Supplies	4,000	4,000	3,093	907	3,725
Contracted Services	237,591	206,932	38,743	168,189	99,383
Capital Outlay	-	-	-	-	-
<i>Total Economic Development</i>	291,597	260,938	88,739	172,199	158,977
Total Development Activities	759,939	761,780	574,455	187,325	543,053
Total Expenditures	11,134,083	13,810,895	12,477,254	1,333,641	9,219,763
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (897,451)	\$ (3,574,263)	\$ 262,618	\$ 3,836,881	\$ 477,976

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 GENERAL FUND (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018 Actual Amounts	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
OTHER FINANCING SOURCES (USES)					
Transfers Out	\$ -	\$ -	\$ (48,400)	\$ (48,400)	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(48,400)	(48,400)	-
Net Change in Fund Balance	(897,451)	(3,574,263)	214,218	3,788,481	477,976
Fund Balances, Beginning	5,139,341	5,139,341	5,139,341	-	4,661,365
Fund Balances, Ending	<u>\$ 4,241,890</u>	<u>\$ 1,565,078</u>	<u>\$ 5,353,559</u>	<u>\$ 3,788,481</u>	<u>\$ 5,139,341</u>

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 STREET MAINTENANCE TAX FUND
 YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018 Actual Amounts	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
REVENUES					
Sales Taxes	\$ 562,818	\$ 562,818	\$ 610,188	\$ 47,370	\$ 580,223
Investment Earnings	2,000	2,000	18,119	16,119	6,545
TOTAL REVENUES	<u>564,818</u>	<u>564,818</u>	<u>628,307</u>	<u>63,489</u>	<u>586,768</u>
EXPENDITURES					
<i>Current:</i>					
Public Works	982,674	982,674	76,196	906,478	434,537
TOTAL EXPENDITURES	<u>982,674</u>	<u>982,674</u>	<u>76,196</u>	<u>906,478</u>	<u>434,537</u>
Net Change in Fund Balance	(417,856)	(417,856)	552,111	(969,967)	152,231
FUND BALANCE - BEGINNING	<u>1,247,292</u>	<u>1,247,292</u>	<u>1,247,292</u>	-	<u>1,095,061</u>
FUND BALANCE - ENDING	<u>\$ 829,436</u>	<u>\$ 829,436</u>	<u>\$ 1,799,403</u>	<u>\$ (969,967)</u>	<u>\$ 1,247,292</u>

CITY OF LEON VALLEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriation budget approved by the City Council and as such is a good management control device. Annual budgets are adopted for the general fund, water and wastewater fund, grant fund, building security fund, child safety fund, municipal court technology fund, debt service fund, police forfeiture fund, crime control and prevention district fund, community center fund and street maintenance tax fund. Project-length financial plans are adopted for capital project funds. Of these budgets, the general fund, street maintenance tax fund, community center fund, grants fund, crime control preventions fund, child safety fund, state forfeiture fund, federal forfeiture fund, building security fund, court technology fund, CIED fund and debt service fund are legally adopted.

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.

CITY OF LEON VALLEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN PLAN YEARS*

	Total Pension Liability			
	2014	2015	2016	2017
Service Cost	\$ 645,011	\$ 761,483	\$ 747,641	\$ 842,875
Interest (on the Total Pension Liability)	2,491,971	2,548,566	2,513,302	2,599,775
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	(806,336)	(863,803)	109,583	194,960
Change of Assumptions	-	149,794	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)	(1,426,682)	(2,099,537)	(2,174,580)
Net Change in Total Pension Liability	596,572	1,169,358	1,270,989	1,463,030
Total Pension Liability - Beginning	36,144,116	36,740,688	37,910,046	39,181,035
Total Pension Liability - Ending	<u>\$ 36,740,688</u>	<u>\$ 37,910,046</u>	<u>\$ 39,181,035</u>	<u>\$ 40,644,065</u>
	Plan Fiduciary Net Position			
	2014	2015	2016	2017
Contributions - Employer	\$ 769,208	\$ 813,946	\$ 702,892	\$ 735,312
Contributions - Employee	282,279	311,658	301,671	341,475
Net Investment Income	1,903,667	50,874	2,310,877	4,903,405
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)	(1,426,682)	(2,099,537)	(2,174,580)
Administrative Expense	(19,877)	(30,989)	(26,101)	(25,416)
Other	(1,634)	(1,531)	(1,406)	(1,286)
Net Change in Plan Fiduciary Net Position	1,199,569	(282,724)	1,188,396	3,778,910
Plan Fiduciary Net Position - Beginning	33,279,600	34,479,169	34,196,445	35,384,841
Plan Fiduciary Net Position - Ending	<u>\$ 34,479,169</u>	<u>\$ 34,196,445</u>	<u>\$ 35,384,841</u>	<u>\$ 39,163,751</u>
Net Pension Liability - Ending	\$ 2,261,519	\$ 3,713,601	\$ 3,796,194	\$ 1,480,314
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.84%	90.20%	90.31%	96.36%
Covered Payroll	\$ 4,704,649	\$ 5,194,294	\$ 5,027,846	\$ 5,691,256
Net Pension Liability as a Percentage of Covered Payroll	48.07%	71.49%	75.50%	26.01%

*GASB 68 requires 10 years of data to be provided in this schedule. This is the fourth year implementation of GASB68. The City will develop the schedule prospectively as data becomes available.

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY CONTRIBUTIONS
 LAST TEN FISCAL YEARS*

	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 779,557	\$ 738,640	\$ 735,472	\$ 830,183
Contributions in Relation to the Actuarially Determined Contribution	779,557	738,640	735,472	830,183
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
 Covered Payroll	 \$ 4,923,162	 \$ 5,036,278	 \$ 5,492,470	 \$ 6,231,160
 Contributions as a Percentage of Covered Payroll	 15.83%	 14.67%	 13.39%	 13.32%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the fourth year implementation of GASB68. The City will develop the schedule prospectively as data becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information

Notes There were no benefit changes during the year.

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES – TOTAL OTHER POST-EMPLOYMENT BENEFIT LIABILITY
 AND RELATED RATIOS
 LAST TEN CALENDAR YEARS*

Total OPEB Liability	2017
Service Cost	\$ 11,383
Interest on Total OPEB Liability	13,335
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Change of Assumptions or Other Inputs	32,701
Benefit Payments	(2,846)
Net Change in Total OPEB Liability	54,573
Total OPEB Liability - Beginning	348,518
Total OPEB Liability - Ending	\$ 403,091
 Covered Payroll	 \$ 5,691,256
 Total OPEB Liability as a Percentage of Covered Payroll	 7.08%

*GASB Statement No. 75 requires 10 years of data to be provided in this schedule. This is the first year implementation of GASB75. The City will develop the schedule prospectively as data becomes available.

NOTES TO SCHEDULE OF CHANGES

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



SUPPLEMENTARY INFORMATION

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.

OTHER MAJOR FUND

- **Debt Service Fund** – Accounts for the accumulation of resources and the related disbursement for the retirement of long-term debt

CITY OF LEON VALLEY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2018

	Special Revenue Funds			
	Community Center	Grants	Crime Control and Prevention District	Child Safety
ASSETS				
Cash and Cash Equivalents	\$ 77,054	\$ 2,744	\$ 85,344	\$ 18,548
Investments	71	-	153,371	-
Accounts Receivable, Net of Allowance:				
Other	27,996	-	-	949
Due from Other Governments	-	-	53,773	-
TOTAL ASSETS	<u>\$ 105,121</u>	<u>\$ 2,744</u>	<u>\$ 292,488</u>	<u>\$ 19,497</u>
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 5,256	\$ -	\$ -	\$ -
Accrued Expenditures	989	-	4,103	457
Deposits Payable	21,495	-	-	-
<i>Total Liabilities</i>	<u>27,740</u>	<u>-</u>	<u>4,103</u>	<u>457</u>
<i>Fund Balance:</i>				
Restricted	77,381	2,744	288,385	19,040
<i>Total Fund Balances</i>	<u>77,381</u>	<u>2,744</u>	<u>288,385</u>	<u>19,040</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	<u>\$ 105,121</u>	<u>\$ 2,744</u>	<u>\$ 292,488</u>	<u>\$ 19,497</u>

Special Revenue Funds				
State Police Forefiture	Federal Police Forfeitures	Building Security	Court Technology	Total Nonmajor Governmental Funds
\$ 6,586	\$ 141,677	\$ 7,102	\$ 14,500	\$ 353,555
-	874,130	-	-	1,027,572
-	-	-	-	28,945
-	-	-	-	53,773
<u>\$ 6,586</u>	<u>\$ 1,015,807</u>	<u>\$ 7,102</u>	<u>\$ 14,500</u>	<u>\$ 1,463,845</u>
\$ -	\$ 79,671	\$ -	\$ -	\$ 84,927
-	2,023	93	-	7,665
-	-	-	-	21,495
-	81,694	93	-	114,087
6,586	934,113	7,009	14,500	1,349,758
6,586	934,113	7,009	14,500	1,349,758
<u>\$ 6,586</u>	<u>\$ 1,015,807</u>	<u>\$ 7,102</u>	<u>\$ 14,500</u>	<u>\$ 1,463,845</u>

CITY OF LEON VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Funds			
	Community Center	Grants	Crime Control and Prevention District	Child Safety
REVENUES				
Sales Taxes	\$ -	\$ -	\$ 298,059	\$ -
Franchise Taxes	-	-	-	-
Occupancy Taxes	94,639	-	-	-
Fines and Forfeitures	-	-	-	15,557
Rent	61,176	-	-	-
Investment Earnings	1,864	-	2,335	-
Miscellaneous	18,221	-	-	-
TOTAL REVENUES	<u>175,900</u>	<u>3,163</u>	<u>300,394</u>	<u>15,557</u>
EXPENDITURES				
Current:				
Administration	-	-	-	-
Public Safety	-	1,566	303,838	12,249
Community Development	193,948	-	-	-
TOTAL EXPENDITURES	<u>193,948</u>	<u>1,566</u>	<u>303,838</u>	<u>12,249</u>
Net Change in Fund Balance	(18,048)	1,597	(3,444)	3,308
Fund Balances, Beginning	<u>95,429</u>	<u>1,147</u>	<u>291,829</u>	<u>15,732</u>
Fund Balances, Ending	<u>\$ 77,381</u>	<u>\$ 2,744</u>	<u>\$ 288,385</u>	<u>\$ 19,040</u>

Special Revenue Funds

State Police Forfeiture	Federal Police Forfeiture	Building Security	Court Technology	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	298,059
-	-	-	-	-
-	-	-	-	94,639
-	748,077	10,573	14,127	788,334
-	-	-	-	61,176
-	12,740	-	-	16,939
-	544	-	-	18,765
-	<u>761,361</u>	<u>10,573</u>	<u>14,127</u>	<u>1,281,075</u>
-	-	-	13,283	13,283
-	318,727	5,225	-	641,605
-	-	-	-	193,948
-	<u>318,727</u>	<u>5,225</u>	<u>13,283</u>	<u>848,836</u>
-	442,634	5,348	844	432,239
6,586	491,479	1,661	13,656	917,519
<u>\$ 6,586</u>	<u>\$ 934,113</u>	<u>\$ 7,009</u>	<u>\$ 14,500</u>	<u>\$ 1,349,758</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Occupancy Taxes	\$ 80,000	\$ 80,000	\$ 94,639	\$ 14,639	\$ 80,600
Rent	88,000	88,000	61,176	(26,824)	76,357
Miscellaneous	-	-	18,221	18,221	2,381
TOTAL REVENUES	<u>168,000</u>	<u>168,000</u>	<u>174,036</u>	<u>6,036</u>	<u>159,338</u>
EXPENDITURES					
Current:					
Community Development	164,384	196,184	193,948	2,236	156,289
Capital Outlay	13,244	13,244	-	13,244	-
TOTAL EXPENDITURES	<u>177,628</u>	<u>209,428</u>	<u>193,948</u>	<u>15,480</u>	<u>156,289</u>
Net Change in Fund Balance	(9,628)	(41,428)	(18,048)	23,380	3,049
FUND BALANCE, BEGINNING	<u>95,429</u>	<u>95,429</u>	<u>95,429</u>	-	<u>92,380</u>
FUND BALANCE, ENDING	<u>\$ 85,801</u>	<u>\$ 54,001</u>	<u>\$ 77,381</u>	<u>\$ 23,380</u>	<u>\$ 95,429</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
GRANTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Grants	\$ 2,924	\$ 2,924	\$ 3,163	\$ 239	\$ 2,773
TOTAL REVENUES	<u>2,924</u>	<u>2,924</u>	<u>3,163</u>	<u>239</u>	<u>2,773</u>
EXPENDITURES					
Current:					
Public Safety	2,924	2,924	1,566	1,358	2,925
TOTAL EXPENDITURES	<u>2,924</u>	<u>2,924</u>	<u>1,566</u>	<u>1,358</u>	<u>2,925</u>
Net Change in Fund Balance	-	-	1,597	1,597	(152)
FUND BALANCE, BEGINNING	<u>1,147</u>	<u>1,147</u>	<u>1,147</u>	-	<u>1,299</u>
FUND BALANCE, ENDING	<u>\$ 1,147</u>	<u>\$ 1,147</u>	<u>\$ 2,744</u>	<u>\$ 1,597</u>	<u>\$ 1,147</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
CRIME CONTROL PREVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Sales Tax	\$ 284,944	\$ 284,944	\$ 298,059	\$ 13,115	\$ 285,592
Investment Earnings	-	-	2,335	2,335	1,036
TOTAL REVENUES	<u>284,944</u>	<u>284,944</u>	<u>300,394</u>	<u>15,450</u>	<u>286,628</u>
EXPENDITURES					
Current:					
Public Safety	373,945	373,945	303,838	70,107	290,508
TOTAL EXPENDITURES	<u>373,945</u>	<u>373,945</u>	<u>303,838</u>	<u>70,107</u>	<u>290,508</u>
Net Change in Fund Balance	(89,001)	(89,001)	(3,444)	85,557	(3,880)
FUND BALANCE, BEGINNING	<u>291,829</u>	<u>291,829</u>	<u>291,829</u>	-	<u>295,709</u>
FUND BALANCE, ENDING	<u>\$ 202,828</u>	<u>\$ 202,828</u>	<u>\$ 288,385</u>	<u>\$ 85,557</u>	<u>\$ 291,829</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
CHILD SAFETY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 12,500	\$ 12,500	\$ 15,557	\$ 3,057	\$ 14,743
TOTAL REVENUES	<u>12,500</u>	<u>12,500</u>	<u>15,557</u>	<u>3,057</u>	<u>14,743</u>
EXPENDITURES					
Current:					
Public Safety	14,530	14,530	12,249	2,281	13,160
TOTAL EXPENDITURES	<u>14,530</u>	<u>14,530</u>	<u>12,249</u>	<u>2,281</u>	<u>13,160</u>
Net Change in Fund Balance	(2,030)	(2,030)	3,308	5,338	1,583
FUND BALANCE, BEGINNING	<u>15,732</u>	<u>15,732</u>	<u>15,732</u>	-	<u>14,149</u>
FUND BALANCE, ENDING	<u>\$ 13,702</u>	<u>\$ 13,702</u>	<u>\$ 19,040</u>	<u>\$ 5,338</u>	<u>\$ 15,732</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
STATE POLICE FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, BEGINNING	<u>6,586</u>	<u>6,586</u>	<u>6,586</u>	<u>-</u>	<u>6,586</u>
FUND BALANCE, ENDING	<u>\$ 6,586</u>	<u>\$ 6,586</u>	<u>\$ 6,586</u>	<u>\$ -</u>	<u>\$ 6,586</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
FEDERAL POLICE FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ -	\$ -	\$ 748,077	\$ 748,077	\$ 909,466
Grants	-	-	-	-	71,397
Interest	-	-	12,740	12,740	4,179
Miscellaneous	-	-	544	544	0
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>761,361</u>	<u>761,361</u>	<u>985,042</u>
EXPENDITURES					
Current:					
Public Safety	211,361	223,346	318,727	(95,381)	452,245
Capital Outlay	199,005	224,005	-	224,005	327,162
TOTAL EXPENDITURES	<u>410,366</u>	<u>447,351</u>	<u>318,727</u>	<u>128,624</u>	<u>779,407</u>
Net Change in Fund Balance	(410,366)	(447,351)	442,634	889,985	205,635
FUND BALANCE, BEGINNING	<u>491,479</u>	<u>491,479</u>	<u>491,479</u>	<u>-</u>	<u>285,844</u>
FUND BALANCE, ENDING	<u>\$ 81,113</u>	<u>\$ 44,128</u>	<u>\$ 934,113</u>	<u>\$ 889,985</u>	<u>\$ 491,479</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
BUILDING SECURITY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 7,000	\$ 7,000	\$ 10,573	\$ 3,573	\$ 8,029
TOTAL REVENUES	<u>7,000</u>	<u>7,000</u>	<u>10,573</u>	<u>3,573</u>	<u>8,029</u>
EXPENDITURES					
Current:					
Public Safety	7,257	7,257	5,225	2,032	13,133
TOTAL EXPENDITURES	<u>7,257</u>	<u>7,257</u>	<u>5,225</u>	<u>2,032</u>	<u>13,133</u>
Net Change in Fund Balance	(257)	(257)	5,348	5,605	(5,104)
FUND BALANCE, BEGINNING	<u>1,661</u>	<u>1,661</u>	<u>1,661</u>	-	<u>6,765</u>
FUND BALANCE, ENDING	<u>\$ 1,404</u>	<u>\$ 1,404</u>	<u>\$ 7,009</u>	<u>\$ 5,605</u>	<u>\$ 1,661</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
COURT TECHNOLOGY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE ACTUAL TOTALS FOR 2017)

	Budgeted Amounts		2018 Actual Amounts	Variance with Final Budget- Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 10,900	\$ 10,900	\$ 14,127	\$ 3,227	\$ 10,692
TOTAL REVENUES	<u>10,900</u>	<u>10,900</u>	<u>14,127</u>	<u>3,227</u>	<u>10,692</u>
EXPENDITURES					
Current:					
Administration	13,283	13,283	13,283	-	4,827
TOTAL EXPENDITURES	<u>13,283</u>	<u>13,283</u>	<u>13,283</u>	<u>-</u>	<u>4,827</u>
Net Change in Fund Balance	(2,383)	(2,383)	844	3,227	5,865
FUND BALANCE, BEGINNING	<u>13,656</u>	<u>13,656</u>	<u>13,656</u>	<u>-</u>	<u>7,791</u>
FUND BALANCE, ENDING	<u>\$ 11,273</u>	<u>\$ 11,273</u>	<u>\$ 14,500</u>	<u>\$ 3,227</u>	<u>\$ 13,656</u>

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL
 DEBT SERVICE
 YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		2018 Actual Amounts	Variance With Final Budget - Positive (Negative)	2017 Actual
	Original	Final			
REVENUES					
Property Taxes	\$ 691,463	\$ 691,463	\$ 690,360	\$ (1,103)	\$ 700,853
TOTAL REVENUES	<u>691,463</u>	<u>691,463</u>	<u>690,360</u>	<u>(1,103)</u>	<u>700,853</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	510,000	510,000	475,000	35,000	460,000
Interest and Fiscal Charges	274,926	274,926	205,809	69,117	222,255
TOTAL EXPENDITURES	<u>784,926</u>	<u>784,926</u>	<u>680,809</u>	<u>104,117</u>	<u>682,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(93,463)</u>	<u>(93,463)</u>	<u>9,551</u>	<u>103,014</u>	<u>18,598</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	103,863	103,863	750	(103,113)	750
TOTAL OTHER FINANCING SOURCES (USES)	<u>103,863</u>	<u>103,863</u>	<u>750</u>	<u>(103,113)</u>	<u>750</u>
Net Change in Fund Balance	10,400	10,400	10,301	(99)	19,348
FUND BALANCE - BEGINNING	<u>339,875</u>	<u>339,875</u>	<u>339,875</u>	<u>-</u>	<u>320,527</u>
FUND BALANCE - ENDING	<u>\$ 350,275</u>	<u>\$ 350,275</u>	<u>\$ 350,176</u>	<u>\$ (99)</u>	<u>\$ 339,875</u>

STATISTICAL SECTION

This part of the City of Leon Valley's 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 the City's overall financial health.

Financial Trends (Tables 1 through 4)

Net Position by Component
Change in Net Position
Fund Balances, Governmental Funds
Changes in Fund Balances, Governmental Funds

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

Revenue Capacity (Tables 5 through 12)

Tax Revenues by Source, Governmental Funds
Assessed Value and Estimated Actual Value of Taxable Property
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections
Total Water Sold by Type of Customer
Water and Sewer Rates
Taxable Assessed Value

These schedules contain information to help readers assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity (Tables 13 through 17)

Ratios of Outstanding Debt by Type
Ratios of General Bonded Debt Outstanding
Direct and Overlapping Governmental Activities Debt
Debt Margin Information
Pledged Revenue Coverage

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 (Tables 18 through 19)

Demographic and Economic Statistics
Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Tables 20 through 22)

Full-time Equivalent City Government Employees by Function
Operating Indicators by Function/Program
Capital Asset Statistics by Function/Program

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

	Fiscal Year			
	2009	2010	2011	2012
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 6,147,970	\$ 6,213,549	\$ 5,639,798	\$ 5,934,633
Restricted	193,145	132,581	101,101	101,677
Unrestricted	3,707,802	4,180,108	4,686,001	4,708,814
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 10,048,917</u>	<u>\$ 10,526,238</u>	<u>\$ 10,426,900</u>	<u>\$ 10,745,124</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 3,635,029	\$ 3,897,305	\$ 4,138,854	\$ 3,998,041
Restricted	323,508	339,733	568,056	762,316
Unrestricted	1,982,058	2,147,223	2,137,671	1,966,216
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 5,940,595</u>	<u>\$ 6,384,261</u>	<u>\$ 6,844,581</u>	<u>\$ 6,726,573</u>
<i>Primary Government</i>				
Net Investment in Capital Assets	\$ 9,782,999	\$ 10,110,854	\$ 9,778,652	\$ 9,932,674
Restricted	516,653	472,314	669,157	863,993
Unrestricted	5,689,860	6,327,331	6,823,672	6,675,030
<i>Total Primary Government Net Position</i>	<u>\$ 15,989,512</u>	<u>\$ 16,910,499</u>	<u>\$ 17,271,481</u>	<u>\$ 17,471,697</u>

Note – GASB Statement No. 68 has been prospectively implemented in year-end 2015. Years 2009 – 2017 have not been restated for adoption of GASB Statement No. 75.

TABLE 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 6,374,117	\$ 7,414,439	\$ 7,696,092	\$ 8,324,593	\$ 9,534,380	\$ 12,241,969
157,074	90,494	1,657,517	2,186,825	2,999,981	4,027,347
6,496,088	6,167,021	2,656,933	2,696,144	2,342,091	2,432,332
<u>\$ 13,027,279</u>	<u>\$ 13,671,954</u>	<u>\$ 12,010,542</u>	<u>\$ 13,207,562</u>	<u>\$ 14,876,452</u>	<u>\$ 18,701,648</u>
\$ 3,867,460	\$ 4,057,126	\$ 4,113,942	\$ 4,367,353	\$ 4,049,170	\$ 4,162,165
1,066,500	993,268	908,705	1,042,946	1,279,204	1,225,716
1,829,758	1,873,123	1,533,589	1,205,378	2,179,050	2,212,095
<u>\$ 6,763,718</u>	<u>\$ 6,923,517</u>	<u>\$ 6,556,236</u>	<u>\$ 6,615,677</u>	<u>\$ 7,507,424</u>	<u>\$ 7,599,976</u>
\$ 10,241,577	\$ 11,471,565	\$ 11,810,034	\$ 12,691,946	\$ 13,583,550	\$ 16,404,134
1,223,574	1,083,762	2,566,222	3,229,771	4,279,185	5,253,063
8,325,846	8,040,144	4,190,522	3,901,522	4,521,141	4,644,427
<u>\$ 19,790,997</u>	<u>\$ 20,595,471</u>	<u>\$ 18,566,778</u>	<u>\$ 19,823,239</u>	<u>\$ 22,383,876</u>	<u>\$ 26,301,624</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
<i>Governmental Activities</i>				
Administration	\$ 805,391	\$ 940,156	\$ 849,230	\$ 764,140
Public Safety	4,439,516	4,525,947	4,502,741	4,344,695
Public Works	1,535,333	1,624,573	1,715,642	1,714,581
Parks and Recreation	100,777	144,742	135,728	117,840
Library	281,725	274,701	264,260	322,688
Communications	-	-	-	-
Community Development	680,352	664,712	666,326	610,394
Interest and Fiscal Agent Fees	187,862	122,184	117,639	107,645
<i>Total Governmental Activities Expenses</i>	<u>8,030,956</u>	<u>8,297,015</u>	<u>8,251,566</u>	<u>7,981,983</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	2,357,800	2,631,544	2,796,812	3,218,973
<i>Total Business-Type Activities</i>	<u>2,357,800</u>	<u>2,631,544</u>	<u>2,796,812</u>	<u>3,218,973</u>
Total Primary Government Expenses	<u>\$ 10,388,756</u>	<u>\$ 10,928,559</u>	<u>\$ 11,048,378</u>	<u>\$ 11,200,956</u>
Program Revenues				
<i>Governmental Activities</i>				
Charges for Service:				
Administration	\$ 333,606	\$ 330,541	\$ 288,791	\$ 595,568
Public Safety	1,265,691	1,589,362	1,082,149	849,832
Parks and Recreation	12,145	15,010	16,790	16,186
Library	2,358	1,987	3,102	2,329
Community Development	133,177	97,399	118,723	119,382
Operating Grants and Contributions	127,151	9,953	49,602	117,275
Capital Grants and Contributions	59,499	218,790	81,683	-
<i>Total Governmental Activities Program Revenues</i>	<u>1,933,627</u>	<u>2,263,042</u>	<u>1,640,840</u>	<u>1,700,572</u>
<i>Business-Type Activities</i>				
Charges for Service:				
Water/Wastewater Utilities	2,638,172	2,840,701	3,115,598	3,039,389
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>2,638,172</u>	<u>2,840,701</u>	<u>3,115,598</u>	<u>3,039,389</u>
Total Primary Government Program Revenues	<u>\$ 4,571,799</u>	<u>\$ 5,103,743</u>	<u>\$ 4,756,438</u>	<u>\$ 4,739,961</u>

Note – GASB Statement No. 68 has been prospectively implemented in year-end 2015. Years 2009 – 2017 have not been restated for adoption of GASB Statement No. 75.

TABLE 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 910,636	\$ 828,573	\$ 983,952	\$ 1,125,550	\$ 1,052,772	\$ 1,163,357
4,335,920	4,536,351	4,701,582	4,598,579	5,731,890	6,825,574
1,140,612	1,650,987	2,363,083	1,492,449	1,960,573	1,366,183
113,792	186,386	169,947	228,169	357,055	372,372
322,587	302,721	320,572	367,252	375,764	421,642
-	-	-	355,508	322,727	-
566,113	641,724	676,880	880,111	753,029	828,978
275,120	248,324	239,237	205,890	228,101	201,460
<u>7,664,780</u>	<u>8,395,066</u>	<u>9,455,253</u>	<u>9,253,508</u>	<u>10,781,911</u>	<u>11,179,566</u>
3,282,774	3,365,772	3,481,521	3,752,522	3,901,345	4,720,880
<u>3,282,774</u>	<u>3,365,772</u>	<u>3,481,521</u>	<u>3,752,522</u>	<u>3,901,345</u>	<u>4,720,880</u>
<u>\$ 10,947,554</u>	<u>\$ 11,760,838</u>	<u>\$ 12,936,774</u>	<u>\$ 13,006,030</u>	<u>\$ 14,683,256</u>	<u>\$ 15,900,446</u>
\$ 298,947	\$ 284,034	\$ 258,388	\$ 537,825	\$ 319,498	\$ 336,768
833,662	803,036	694,303	724,018	1,620,197	2,556,313
15,544	15,586	13,850	15,632	-	-
1,972	3,490	3,521	4,249	-	-
97,193	168,648	166,775	167,074	76,357	61,176
82,626	95,028	240,763	160,001	476,415	526,275
372,585	-	170,747	37,766	-	1,670,428
<u>1,702,529</u>	<u>1,369,822</u>	<u>1,548,347</u>	<u>1,646,565</u>	<u>2,492,467</u>	<u>5,150,960</u>
3,291,009	3,275,292	3,481,570	3,683,776	4,589,550	4,623,442
-	-	-	-	120,165	-
-	-	-	-	-	485,976
<u>3,291,009</u>	<u>3,275,292</u>	<u>3,481,570</u>	<u>3,683,776</u>	<u>4,709,715</u>	<u>5,109,418</u>
<u>\$ 4,993,538</u>	<u>\$ 4,645,114</u>	<u>\$ 5,029,917</u>	<u>\$ 5,330,341</u>	<u>\$ 7,202,182</u>	<u>\$ 10,260,378</u>

CITY OF LEON VALLEY
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year			
	2009	2010	2011	2012
Net (Expenses)/Revenue				
Governmental Activities	\$ (6,097,329)	\$ (6,033,973)	\$ (6,610,726)	\$ (6,281,411)
Business-Type Activities	280,372	209,157	318,786	(179,584)
Total Primary Government Net Expenses	<u>\$ (5,816,957)</u>	<u>\$ (5,824,816)</u>	<u>\$ (6,291,940)</u>	<u>\$ (6,460,995)</u>
Governmental Revenues and Other Changes in Net Position				
<i>Governmental Activities</i>				
Taxes:				
Property Taxes	\$ 3,573,352	\$ 3,552,821	\$ 3,522,321	\$ 3,550,430
Sales Taxes	1,979,927	2,141,200	2,179,060	2,245,560
Franchise Taxes	656,329	677,001	728,548	708,434
Occupancy Taxes	65,688	66,701	74,287	82,409
Interest and Investment Earnings	35,325	8,546	7,172	6,795
Miscellaneous	-	11,025	-	6,007
Transfers	-	54,000	-	-
<i>Total Governmental Activities</i>	<u>6,310,621</u>	<u>6,511,294</u>	<u>6,511,388</u>	<u>6,599,635</u>
<i>Business-Type Activities</i>				
Interest and Investment Earnings	14,634	4,444	3,827	3,374
Miscellaneous	32,953	44,575	56,453	35,609
Impact Fees	83,782	239,490	81,254	22,593
Transfers	-	(54,000)	-	-
<i>Total Business-Type Activities</i>	<u>131,369</u>	<u>234,509</u>	<u>141,534</u>	<u>61,576</u>
Total Primary Government	<u>\$ 6,441,990</u>	<u>\$ 6,745,803</u>	<u>\$ 6,652,922</u>	<u>\$ 6,661,211</u>
Changes In Net Position				
Government Activities	\$ 213,292	\$ 477,321	\$ (99,338)	\$ 318,224
Business-Type Activities	411,741	443,666	460,320	(118,008)
Total Primary Government	<u>\$ 625,033</u>	<u>\$ 920,987</u>	<u>\$ 360,982</u>	<u>\$ 200,216</u>

TABLE 2 (Continued)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (5,962,251)	\$ (7,025,244)	\$ (7,906,906)	\$ (7,606,943)	\$ (8,289,444)	\$ (6,028,606)
8,235	(90,480)	49	(68,746)	808,370	388,538
<u>\$ (5,954,016)</u>	<u>\$ (7,115,724)</u>	<u>\$ (7,906,857)</u>	<u>\$ (7,675,689)</u>	<u>\$ (7,481,074)</u>	<u>\$ (5,640,068)</u>
\$ 3,834,233	\$ 4,021,701	\$ 4,122,721	\$ 4,440,697	\$ 4,752,901	\$ 4,944,531
3,592,293	2,918,244	3,058,953	3,177,019	3,517,289	3,687,415
701,468	895,174	974,361	1,072,898	1,104,166	961,149
83,470	91,125	86,661	67,691	80,600	94,639
12,804	4,277	4,678	17,663	55,460	134,411
20,138	26,879	21,896	27,995	447,168	371,832
-	20,000	70,000	-	750	(47,650)
<u>8,244,406</u>	<u>7,977,400</u>	<u>8,339,270</u>	<u>8,803,963</u>	<u>9,958,334</u>	<u>10,146,327</u>
2,579	889	1,270	11,987	74,303	60,337
5,914	144,390	84,682	116,200	9,824	-
20,417	-	-	-	-	-
-	(20,000)	(70,000)	-	(750)	47,650
<u>28,910</u>	<u>125,279</u>	<u>15,952</u>	<u>128,187</u>	<u>83,377</u>	<u>107,987</u>
<u>\$ 8,273,316</u>	<u>\$ 8,102,679</u>	<u>\$ 8,355,222</u>	<u>\$ 8,932,150</u>	<u>\$ 10,041,711</u>	<u>\$ 10,254,314</u>
\$ 2,282,155	\$ 952,156	\$ 432,364	\$ 1,197,020	\$ 1,668,890	\$ 4,117,721
37,145	34,799	16,001	59,441	891,747	496,525
<u>\$ 2,319,300</u>	<u>\$ 986,955</u>	<u>\$ 448,365</u>	<u>\$ 1,256,461</u>	<u>\$ 2,560,637</u>	<u>\$ 4,614,246</u>

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

	Fiscal Year			
	2009	2010	2011	2012
<i>General Fund:</i>				
Reserved	\$ 192,916	\$ 132,581	\$ -	\$ -
Unreserved	3,930,887	3,066,450	-	-
Nonspendable			50,745	51,278
Restricted			49,551	49,642
Committed			800,000	800,000
Assigned			56,642	14,135
Unassigned			2,352,926	2,400,386
<i>Total General Fund</i>	<u>\$ 4,123,803</u>	<u>\$ 3,199,031</u>	<u>\$ 3,309,864</u>	<u>\$ 3,315,441</u>
<i>All Other Governmental Funds:</i>				
Reserved	\$ 154,429	\$ 165,926	\$ -	\$ -
Unreserved				
Special Revenue	1,047,443	1,272,358	-	-
Nonspendable	-	-	805	757
Restricted	-	-	1,245,121	8,136,892
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	73,307	486,730
<i>Total All Other Governmental Funds</i>	<u>\$ 1,201,872</u>	<u>\$ 1,438,284</u>	<u>\$ 1,319,233</u>	<u>\$ 8,624,379</u>

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

TABLE 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
54,278	54,631	56,442	14,201	52,650	11,163
101,977	90,494	114,962	154,393	497,329	523,868
900,000	900,000	900,000	900,000	1,000,000	1,000,000
139,135	25,275	25,275	25,275	80,700	459,127
2,456,717	2,756,058	2,779,498	3,567,496	3,508,662	3,359,401
<u>\$ 3,652,107</u>	<u>\$ 3,826,458</u>	<u>\$ 3,876,177</u>	<u>\$ 4,661,365</u>	<u>\$ 5,139,341</u>	<u>\$ 5,353,559</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
819	1,310	1,990	-	2,095	-
8,419,977	5,862,738	2,874,942	2,032,432	2,502,591	3,499,337
-	795,672	664,842	-	-	-
-	105,373	111,139	93,679	-	-
1,413,694	-	-	-	-	-
<u>\$ 9,834,490</u>	<u>\$ 6,765,093</u>	<u>\$ 3,652,913</u>	<u>\$ 2,126,111</u>	<u>\$ 2,504,686</u>	<u>\$ 3,499,337</u>

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

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Property Taxes	\$ 3,552,049	\$ 3,505,728	\$ 3,546,031	\$ 3,544,081
Nonproperty Taxes	2,045,615	2,207,900	2,253,347	2,327,969
Grants/Intergovernmental	1,395,492	228,508	89,868	6,122
Licenses, Permits, Fees and Fines	992,486	2,642,310	2,154,692	1,860,659
CIED	-	-	-	379,918
Other	226,942	88,796	131,999	175,109
TOTAL REVENUES	<u>8,212,584</u>	<u>8,673,242</u>	<u>8,175,937</u>	<u>8,293,858</u>
EXPENDITURES				
Current:				
Administrative	706,874	919,564	817,259	713,738
Public Safety	4,142,609	5,246,693	4,228,132	4,177,616
Public Works	1,427,627	1,446,744	1,542,290	1,552,725
Parks and Recreation	111,614	153,947	102,914	91,824
Library	256,967	266,327	259,858	310,725
Communications	-	-	-	-
Community Development	622,721	629,371	610,750	566,914
Capital Outlay	173,202	337,443	209,674	155,265
Debt Service:				
Principal	580,000	265,000	300,000	310,000
Interest	111,090	140,513	112,278	242,502
Fiscal Agent Fees and Bond Issue Costs	119,361	10,000	1,000	1,000
TOTAL EXPENDITURES	<u>8,252,065</u>	<u>9,415,602</u>	<u>8,184,155</u>	<u>8,122,309</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(39,481)</u>	<u>(742,360)</u>	<u>(8,218)</u>	<u>171,549</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	10,360	-	-	-
Transfers In	10,000	72,000	18,000	18,000
Transfers Out	(10,000)	(18,000)	(18,000)	(18,000)
Proceeds from Bonds	1,060,000	-	-	7,000,000
Bond Premium	44,287	-	-	139,174
Proceeds from Refunding Bond	2,575,000	-	-	-
Payments to Refunding Bonds	(2,585,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,104,647</u>	<u>54,000</u>	<u>-</u>	<u>7,139,174</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,065,166</u>	<u>\$ (688,360)</u>	<u>\$ (8,218)</u>	<u>\$ 7,310,723</u>
Debt Service as a Percentage of Noncapital Expenditures	10.0%	4.6%	5.2%	6.9%

TABLE 4

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	3,809,355	\$	4,012,433	\$	4,143,068	\$	4,432,407	\$	4,755,462	\$	4,940,751
	2,503,411		3,009,369		3,145,614		3,333,880		4,702,056		4,743,203
	4,523		8,104		8,852		7,394		233,473		2,184,103
	1,858,150		1,988,654		2,123,854		2,132,647		1,939,695		3,014,022
	1,172,352		-		-		-		-		-
	456,679		299,392		416,576		535,910		821,919		457,535
	<u>9,804,470</u>		<u>9,317,952</u>		<u>9,837,964</u>		<u>10,442,238</u>		<u>12,452,605</u>		<u>15,339,614</u>
	870,697		769,842		951,121		1,035,474		878,060		937,870
	4,116,594		4,258,045		4,609,076		4,320,120		5,179,406		6,663,001
	972,484		1,462,747		2,238,664		1,319,658		1,809,169		1,135,180
	86,802		157,643		142,794		198,429		324,379		358,460
	267,588		288,871		317,049		346,782		360,023		402,110
	-		-		-		348,793		322,727		-
	554,087		583,068		624,724		823,889		699,342		768,403
	772,922		3,909,161		3,408,801		2,110,337		1,341,443		3,137,262
	345,000		420,000		430,000		445,000		460,000		475,000
	270,019		257,121		245,946		233,370		222,255		205,809
	1,500		1,500		2,250		2,000		-		-
	<u>8,257,693</u>		<u>12,107,998</u>		<u>12,970,425</u>		<u>11,183,852</u>		<u>11,596,804</u>		<u>14,083,095</u>
	<u>1,546,777</u>		<u>(2,790,046)</u>		<u>(3,132,461)</u>		<u>(741,614)</u>		<u>855,801</u>		<u>1,256,519</u>
	-		-		-		-		-		-
	237,216		220,770		590,803		707,203		750		750
	(237,216)		(200,770)		(520,803)		(707,203)		-		(48,400)
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		20,000		70,000		-		750		(47,650)
\$	<u>1,546,777</u>	\$	<u>(2,770,046)</u>	\$	<u>(3,062,461)</u>	\$	<u>(741,614)</u>	\$	<u>856,551</u>	\$	<u>1,208,869</u>
	8.2%		8.3%		7.1%		7.5%		6.7%		6.2%

CITY OF LEON VALLEY
TAX REVENUE BY SOURCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use	Occupancy	Franchise	Total Revenue
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
2016	4,432,407	3,333,880	67,691	983,728	8,817,706
2017	4,755,462	3,517,290	80,600	1,104,166	9,457,518
2018	4,940,751	3,687,415	94,639	961,149	9,683,954

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

TABLE 6

Fiscal Year	Total Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 675,661,811	0.527400
2010	692,616,036	0.527400
2011	675,836,102	0.527400
2012	677,076,160	0.527400
2013	681,878,582	0.535510
2014	707,418,512	0.574282
2015	740,061,497	0.582915
2016	817,913,902	0.575507
2017	887,140,474	0.561615
2018	949,714,257	0.556599

Source: Bexar, Comal and Guadalupe County Appraisal Districts

NOTES: Property in the City of Leon Valley is reassessed every year at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$100 of assessed value. Total taxable assessed value is before any applicable freeze adjustments.

CITY OF LEON VALLEY
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 7

Fiscal Year	City Direct Rates			Overlapping Rates	
	General Fund	Debt Service	Total Direct	School District	Bexar County
2009	0.0457	0.0658	0.1115	1.3025	0.3269
2010	0.4616	0.0634	0.5249	1.3375	0.3269
2011	0.4640	0.0634	0.5274	1.3650	0.3269
2012	0.4727	0.0628	0.5355	1.3755	0.3269
2013	0.4768	0.0975	0.5743	1.3755	0.3269
2014	0.4768	0.1062	0.5829	1.3755	0.3269
2015	0.4768	0.0988	0.5755	1.3755	0.3145
2016	0.4712	0.0904	0.5616	1.3755	0.3145
2017	0.4746	0.0820	0.5566	1.3755	0.3090
2018	0.4788	0.0778	0.5566	1.3755	0.3041

Fiscal Year	Overlapping Rates		
	University Health System	San Antonio River Authority	Alamo Community College
2009	0.26102	0.01595	0.13586
2010	0.26624	0.01595	0.13586
2011	0.27624	0.01665	0.14162
2012	0.27624	0.01737	0.14162
2013	0.27624	0.01737	0.14915
2014	0.27624	0.01780	0.14915
2015	0.27624	0.01750	0.14915
2016	0.27624	0.01729	0.14915
2017	0.27624	0.01729	0.14915
2018	0.27624	0.01729	0.14915

Source: Bexar County Tax Offices

NOTE: Overlapping rates are those of local and county governments that apply within the City of Leon Valley. Not all overlapping rates apply to all City of Leon Valley property owners.

CITY OF LEON VALLEY
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO

TABLE 8

Taxpayer	2018			2009		
	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	\$ 33,235,310	1	3.50%	\$ 14,677,996	3	2.17%
San Antonio Vista Del Rey LLC	25,000,000	2	2.63%	15,633,150	2	2.31%
TRT HEB Marketplace LP	24,800,000	2	2.61%	23,155,840	1	3.43%
Shadow Valley Apartments LLP	16,500,100	4	1.74%	9,908,580	7	1.47%
Leors Holdings LLC	14,506,863	5	1.53%	-	-	-
Barcelona Lofts LLC	14,255,750	5	1.50%	-	-	-
Omninet Tower LP	11,800,000	7	1.24%	-	-	-
Leon SA Income Parterns LP	9,455,000	8	1.00%	-	-	-
Forest Oaks Living LLC	9,000,000	9	0.95%	-	-	-
SA West Loop II Investors LTD	7,972,000	10	0.84%	7,143,350	9	2.03%
Stonewater Tower West	-	-	-	13,700,000	4	1.06%
Parkdale Development	-	-	-	11,590,470	5	1.72%
Southwestern Bell	-	-	-	10,000,100	6	1.48%
Fiesta Lincoln Mercury	-	-	-	7,187,420	8	1.06%
Puget of Texas	-	-	-	5,600,000	10	0.83%
TOTALS	<u>\$ 166,525,023</u>		<u>17.53%</u>	<u>\$ 118,596,906</u>		<u>17.56%</u>
TOTAL TAXABLE ASSESSED VALUE	<u>\$ 949,714,257</u>			<u>\$ 675,661,811</u>		

Source: Bexar County Appraisal District

CITY OF LEON VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections In Subsequent Years	Total Collections To Date	
		Amount	% of Levy		Amount	% of Levy
2009	\$ 3,563,440	\$ 3,364,408	94.41%	\$ 191,240	\$ 3,555,648	99.78%
2010	3,570,525	3,450,690	96.64%	104,425	3,555,115	99.57%
2011	3,485,988	3,437,057	98.60%	41,799	3,478,856	99.80%
2012	3,553,034	3,485,684	98.10%	59,861	3,545,545	99.79%
2013	3,817,953	3,755,784	98.37%	52,208	3,807,992	99.74%
2014	4,023,348	3,940,694	97.95%	68,911	4,009,605	99.66%
2015	4,130,740	4,050,446	98.06%	66,601	4,117,047	99.67%
2016	4,432,631	4,369,996	98.59%	45,315	4,415,311	99.61%
2017	4,738,086	4,685,787	98.90%	30,540	4,685,787	98.90%
2018	5,019,786	4,966,303	98.93%	53,483	4,966,303	98.93%

Source: Bexar County Appraisal District

CITY OF LEON VALLEY
WATER SOLD BY TYPE OF CUSTOMER
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

Type of Customer	Fiscal Year				
	2009	2010	2011	2012	2013
Residential	\$ 215,785,825	\$ 178,416,148	\$ 228,768,000	\$ 201,840,600	\$ 189,931,000
Commerical	136,065,390	129,071,600	133,301,040	122,936,377	123,088,895
Total	<u>\$ 351,851,215</u>	<u>\$ 307,487,748</u>	<u>\$ 362,069,040</u>	<u>\$ 324,776,977</u>	<u>\$ 313,019,895</u>
Total Direct Rate per 1,000 Gallons	<u>\$ 0.93</u>	<u>\$ 0.96</u>	<u>\$ 0.99</u>	<u>\$ 1.02</u>	<u>\$ 1.05</u>

Type of Customer	Fiscal Year				
	2014	2015	2016	2017	2018
Residential	\$ 184,014,000	\$ 176,710,000	\$ 177,355,000	\$ 160,769,000	\$ 155,524,000
Commerical	120,423,155	131,218,294	142,359,865	132,729,922	128,377,775
Total	<u>\$ 304,437,155</u>	<u>\$ 307,928,294</u>	<u>\$ 319,714,865</u>	<u>\$ 293,498,922</u>	<u>\$ 283,901,775</u>
Total Direct Rate per 1,000 Gallons	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 3.18</u>	<u>\$ 3.37</u>

Source: Leon Valley Water District.

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

TABLE 11

Fiscal Year	Water		Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
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
2016	9.36	1.08	15.08	5.59
2017	11.20	3.18	15.08	5.83
2018	11.48	3.37	15.08	5.92

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

CITY OF LEON VALLEY
TAXABLE ASSESSED VALUE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 12

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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	0.527400
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.535510
2014	473,221,531	278,323,833	6,158,319	50,285,171	707,418,512	0.574282
2015	504,499,829	288,913,043	5,574,551	58,925,926	740,061,497	0.582915
2016	558,785,477	324,533,883	5,961,942	71,367,400	817,913,902	0.575507
2017	597,606,183	361,183,881	6,527,631	78,177,221	887,140,474	0.561615
2018	649,544,521	375,542,962	7,543,099	82,916,325	949,714,257	0.556599

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

TABLE 13

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Private Property Finance Contracts	Certificates of Obligation	Total		
2009	\$ 2,575,000	\$ 1,060,000	\$ -	\$ 3,635,000	0.54%	393
2010	2,340,000	1,030,000	-	3,370,000	0.49%	365
2011	2,080,000	990,000	-	3,070,000	0.45%	283
2012	8,810,000	950,000	-	9,760,000	1.44%	898
2013	8,505,000	910,000	-	9,415,000	1.38%	866
2014	8,125,000	870,000	-	8,995,000	1.27%	828
2015	7,857,138	825,000	-	8,682,138	1.17%	799
2016	7,450,179	780,000	2,086,424	10,316,603	1.26%	949
2017	7,028,220	735,000	2,062,543	9,825,763	1.11%	904
2018	6,596,261	685,000	2,023,662	9,304,923	0.98%	856

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 6 for the City's property tax value data. City population data can be found in Table 17.

CITY OF LEON VALLEY
RATIOS OF GENERAL BONDED DEBT OUSTANDING
CURRENT YEAR

TABLE 14

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percent of Gross Income	Per Capita
	General Obligation Bonds	Private Property Finance Contracts	Certificates of Obligation	Tax Notes	Capital Lease	Revenue Bonds	Certificates of Obligation			
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	1.13%	283
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	7,857,138	725,000	-	-	-	-	-	8,582,138	3.17%	790
2016	7,450,179	780,000	-	-	-	-	2,086,424	10,316,603	3.81%	949
2017	7,028,220	735,000	-	-	-	-	2,062,543	9,825,763	3.63%	904
2018	6,596,261	685,000	-	-	-	-	2,023,662	9,304,923	3.43%	856

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. See Table 6 for the City's property tax value data. City population data can be found in Table 17.

CITY OF LEON VALLEY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CURRENT YEAR

TABLE 15

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<i>Debt repaid with property taxes:</i>			
Alamo CCD	\$ 479,445,000	0.62%	\$ 2,972,559
Bexar County	1,700,305,000	0.62%	10,541,891
Bexar County Hospital District	891,565,000	0.62%	5,527,703
Northside Independent School District	2,228,010,000	2.01%	44,783,001
Subtotal, Overlapping Debt			63,825,154
City Governmental Activities Direct Debt			9,304,923
TOTAL NET OVERLAPPING DEBT			\$ 73,130,077

NOTES: The overlapping debt was received from the Municipal Advisory Council of Texas. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

Overlapping debt is the proportionate share of the debts of local jurisdictions located wholly or in part within the limits of the City of Leon Valley. This schedule is intended to demonstrate the total debt that the City of Leon Valley property tax payers will be expected to repay. The amount of debt applicable to the City of Leon Valley is computed by (a) determining what portion of total assessed value of the overlapping jurisdiction lies within the limits of the City and (b) applying this percentage to the total governmental activities debt of the overlapping jurisdiction.

CITY OF LEON VALLEY
DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

TABLE 16

Assessed Value, 2017 Tax Roll		\$ 949,714,257
Debt Limit - Texas statues do not provide a legal debt limit for cities; however, through accepted practice a practical "economic" debt limit is considered to be 10% of the assessed value.		\$ 94,971,426
Amount of Applicable Debt:		
General Bonded Debt	\$ 9,304,923	
Less Debt Service Net Position	<u>(354,318)</u>	<u>8,950,605</u>
DEBT MARGIN		<u><u>\$ 86,020,821</u></u>
Total Net Debt as a Percentage of Debt Margin		10.41%

	Fiscal Year		
	2015	2016	2017
Assessed Value	\$ 740,061,500	\$ 817,913,900	\$ 887,140,474
Debt Limit	\$ 74,006,150	\$ 81,791,390	\$ 88,714,047
Total Net Debt Applicable to Limit	<u>8,774,392</u>	<u>10,376,736</u>	<u>8,098,078</u>
Total Debt Margin	<u><u>\$ 65,231,758</u></u>	<u><u>\$ 71,414,654</u></u>	<u><u>\$ 80,615,969</u></u>
	2012	2013	2014
Assessed Value	\$ 677,076,160	\$ 681,878,580	\$ 707,418,510
Debt Limit	\$ 67,707,616	\$ 68,187,858	\$ 70,741,851
Total Net Debt Applicable to Limit	<u>9,579,375</u>	<u>9,624,392</u>	<u>9,204,392</u>
Total Debt Margin	<u><u>\$ 58,128,241</u></u>	<u><u>\$ 58,563,466</u></u>	<u><u>\$ 61,537,459</u></u>
	2009	2010	2011
Assessed Value	\$ 675,611,810	\$ 692,616,040	\$ 675,836,100
Debt Limit	\$ 67,561,181	\$ 69,261,604	\$ 67,583,610
Total Net Debt Applicable to Limit	<u>3,480,571</u>	<u>3,200,964</u>	<u>3,191,096</u>
Total Debt Margin	<u><u>\$ 64,080,610</u></u>	<u><u>\$ 66,060,640</u></u>	<u><u>\$ 64,392,514</u></u>

CITY OF LEON VALLEY
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

TABLE 17

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 4,586,249	4,657,233	\$ (70,984)	\$ -	\$ -	100.00
2017	4,456,994	3,833,400	623,594	20,000	60,000	100.00
2015	3,683,776	3,752,522	(68,746)	-	-	100.00
2014	3,481,570	3,481,521	49	-	-	100.00
2013	3,275,292	3,365,772	(90,480)	-	-	100.00
2012	3,291,009	3,282,744	8,265	-	-	100.00
2011	3,039,389	3,218,973	(179,584)	-	-	100.00
2010	3,115,598	2,796,812	318,786	-	-	100.00
2009	2,840,701	2,631,544	209,157	-	-	100.00
2008	2,638,172	2,357,800	280,372	-	-	100.00

NOTE: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include depreciation, interest, amortization or joint venture expenses.

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

TABLE 18

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	9,239	200,883,577	21,743	38.1	3,850	7.0%
2010	9,239	200,883,577	21,743	38.1	3,850	7.0%
2011	10,866	270,954,576	24,936	40.0	3,752	7.3%
2012	10,866	270,954,576	24,936	40.0	4,130	6.0%
2013	10,866	270,954,576	24,936	40.0	4,130	6.0%
2014	10,866	270,954,576	24,936	40.0	4,130	5.9%
2015	10,866	270,954,576	24,936	40.0	4,130	5.1%
2016	10,866	270,954,576	24,936	40.0	4,198	5.0%
2017	10,866	270,954,576	24,936	40.0	3,809	4.2%
2018	10,866	270,954,576	24,936	40.0	3,809	3.7%

Sources: Population, personal income, median age and education level information are provided by the United States Census Bureau. School enrollment information is provided by the Northside Independent School District. Unemployment data is provided by the Texas Workforce Commission.

CITY OF LEON VALLEY
TOP TEN PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

TABLE 19

<u>EMPLOYER</u>	<u>2018</u>			<u>2009</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
H-E-B Food Stores	20,000	1	1.97%	14,588	1	1.69%
USAA	17,000	2	1.68%	13,800	2	1.60%
Frost Bank	3,982	3	0.39%	-		1.15%
Bill Miller B-B-Q	3,540	4	0.35%	2,200	9	0.25%
Rackspace	3,300	5	0.33%	-		-
CPS Energy	3,022	6	0.30%	-		-
Toyota	2,900	7	0.29%	2,000	10	0.23%
Clear Channel Communications	2,800	8	0.28%	-		-
Southwest Rearch	2,715	9	0.27%	-		-
Valero Energy	1,653	10	0.16%	3,000	5	0.35%
AT&T	-		-	6,500	3	0.75%
Cardell Kitchen and Bath	-		-	3,050	4	0.35%
Citicorp	-		-	3,000	6	0.35%
World Savings	-		-	2,742	7	0.32%
West Telemarking	-		-	2,366	8	0.27%
Total	<u>60,912</u>		<u>6.01%</u>	<u>53,246</u>		<u>6.67%</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.

CITY OF LEON VALLEY
 FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

TABLE 20

<u>Function</u>	<u>Full-Time Equivalent Employees as of September 30,</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>General Government</u>										
Business Office	1.8	1.8	1.8	1.8	1.6	1.6	1.6	1.6	1.1	1.1
Finance	2.4	2.4	2.4	2.2	2.0	2.0	2.0	2.0	2.0	1.5
Manager and Council	2.4	2.4	2.4	2.3	2.0	3.0	3.0	3.9	2.5	3.3
<u>Public Safety</u>										
<u>Police</u>										
Officers	23.0	23.0	23.0	24.0	23.0	23.0	24.0	25.0	28.5	37.0
Civilians	8.0	8.0	8.0	8.0	8.0	9.0	3.9	1.0	1.0	2.5
<u>Fire</u>										
Firefighters and Officers	27.0	27.0	27.0	27.0	26.0	26.0	26.0	26.0	27.0	27.0
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0
<u>Public Works</u>	14.8	14.8	14.1	13.1	12.6	12.6	12.6	13.2	13.3	13.3
<u>Development Activities</u>	4.0	4.0	3.9	3.5	3.4	1.6	1.6	1.6	2.6	3.3
<u>Economic Development</u>	1.2	1.5	1.7	2.0	2.0	2.0	2.0	2.0	1.0	0.6
<u>Parks</u>	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
<u>Library</u>	3.5	3.5	3.5	3.5	3.5	3.5	4.5	4.5	4.5	4.5
<u>Communications</u>	-	-	-	-	-	-	6.0	2.0	2.0	-
<u>Community Center</u>	2.1	2.1	1.9	0.6	1.6	1.6	1.6	1.6	1.1	1.6
<u>Water and Sewer</u>	12.96	12.96	14.88	16.04	18.35	18.7	18.2	17.6	17.4	17.4
TOTAL	105.1	105.4	106.5	106.0	106.0	106.6	109.0	104.0	106.5	115.5

Source: City Adopted Budgets

Note: Full-time equivalent is based on the schedule hours of positions to a 40 hour work week.

CITY OF LEON VALLEY
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Police</u>					
Arrests	1194.0	1279.0	1050.0	837.0	635.0
Traffic Violations	4802.0	12201.0	10845.0	9279.0	5218.0
<u>Fire</u>					
Fire Calls	793.0	786.0	931.0	765.0	712.0
EMS Calls	1028.0	1051.0	1062.0	1038.0	1174.0
Number of Inspections	1167.0	1351.0	1290.0	1256.0	1022.0
<u>Public Works</u>					
Streets resurfacing (Miles)	5.9	5.4	8.4	0.0	7.7
Sidewalk Construction (Feet)	500.0	1463.0	682.0	1621.0	682.0
<u>Library</u>					
Reference Questions	6,083.0	6,000.0	6,897.0	5,868.0	5,287.0
Internet Sessions	7,483.0	7,354.0	7,226.0	18,242.0	16,882.0
Library Acquisitions	3,487.0	4,861.0	3,323.0	2,953.0	2,912.0
<u>Water</u>					
Daily Average Consumption (thousands of gallons)	963,975.0	842,432.0	1,005,747.0	889,800.0	857,588.0
Total Customers	2,444.00	2,469.00	2,508.00	2,523.00	2,526.00
Average Use Per Connection	394.43	341.20	401.02	352.68	339.50
<u>Sewer</u>					
Total Customers	2306.0	2387.0	2428.0	2551.0	2457.0
Daily Average Treatment (Gallons)	793,443.0	989,705.0	748,356.0	705,557.0	687,267.0

Source: Various City Departments. Prior year information for some functions is not available.

TABLE 21

Fiscal Year				
2014	2015	2016	2017	2018
629.0	722.0	915.0	535.0	789.0
5010.0	3915.0	4963.0	3643.0	7616.0
890.0	1183.0	942.0	505.0	598.0
1151.0	1136.0	1472.0	2081.0	1704.0
1009.0	480.0	310.0	730.0	724.0
8.0	5.0	1.0	2.3	1.2
687.0	1304.0	2060.0	1957.0	350.0
7,000.0	6,485.0	7,681.0	7,149.0	7,384.0
6,266.0	6,497.0	8,055.0	8,346.0	17,456.0
2,176.0	1,823.0	2,011.0	2,352.0	2,269.0
962,846.0	843,639.0	869,649.0	804,105.0	777,813.0
2,544.00	2,561.00	2,574.00	2,583.00	2,601.00
378.48	329.42	337.86	311.31	299.04
2457.0	2456.0	2479.0	2489.0	2505.0
700,672.0	703,607.0	681,173.0	703,502.0	697,762.0

CITY OF LEON VALLEY
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

<u>Function</u>	<u>Fiscal Year</u>				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Police</u>					
Stations	1.0	1.0	1.0	1.0	1.0
Patrol Units	24.0	24.0	24.0	24.0	24.0
<u>Fire</u>					
Stations	1.0	1.0	1.0	1.0	1.0
Fire Fighters	27.0	27.0	27.0	26.0	26.0
<u>Streets</u>					
Streets, paved (miles)	39.5	39.5	39.5	39.5	39.5
<u>Parks and Recreation</u>					
Parks - Developed	1.0	1.0	1.0	1.0	1.0
Parks - Acreage	24.0	24.0	24.0	24.0	24.0
Swimming Pools	1.0	1.0	1.0	1.0	1.0
Tennis Courts	1.0	1.0	1.0	1.0	1.0
Community Centers	2.0	2.0	2.0	2.0	2.0
<u>Library</u>					
Facility	1.0	1.0	1.0	1.0	1.0
<u>Water</u>					
Number of Hydrants	208.0	208.0	208.0	208.0	208.0
Water Mains (Miles)	39.5	39.5	39.5	39.5	39.5
<u>Sewer</u>					
Sanitary Sewers (Miles)	47.5	47.5	47.5	47.5	47.5
Storm Sewers (Feet)	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
<u>Facilities Maintenance</u>					
Vehicles	4.0	5.0	5.0	5.0	4.0
Generators	3.0	3.0	3.0	3.0	3.0

Source: Various City Departments

TABLE 22

Fiscal Year				
2014	2015	2016	2017	2018
1.0	1.0	1.0	1.0	1.0
24.0	24.0	25.0	28.5	37.0
1.0	1.0	1.0	1.0	1.0
26.0	26.0	26.0	27.0	27.0
39.5	39.5	39.5	43.0	43.0
1.0	1.0	1.0	1.0	1.0
24.0	24.0	24.0	69.5	69.5
1.0	1.0	1.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0	1.0
208.0	208.0	208.0	208.0	208.0
39.5	39.5	39.5	39.5	39.5
47.5	47.5	47.5	47.5	47.5
4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
5.0	5.0	6.0	6.0	6.0
3.0	3.0	4.0	4.0	4.0



COMPLIANCE SECTION



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

INDEPENDENT AUDITOR'S REPORT

To the City Council and management
City of Leon Valley

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, each major fund, and the aggregate remaining fund information of City of Leon Valley as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Leon Valley's basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Leon Valley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Leon Valley's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Leon Valley's 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 City of Leon Valley's financial statements are free from 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

The purpose of 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 performed 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.



Armstrong, Vaughan & Associates, P.C.

January 31, 2019



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Leon Valley

Report on Compliance for Each Major Federal Program

We have audited City of Leon Valley's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of City of Leon Valley's major federal programs for the year ended September 30, 2018. City of Leon Valley's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Leon Valley's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Leon Valley's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Leon Valley's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Leon Valley complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questions costs as item: 2018-001.

The City of Leon Valley's response to the noncompliance finding identified in our audit are described in the accompanying response: Corrective action plan. The City of Leon Valley's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of City of Leon Valley is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Leon Valley's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Leon Valley's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

January 31, 2019

CITY OF LEON VALLEY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Any material weaknesses identified?	No
Any significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning & Construction
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

2018-001

D. Prior Year Findings

NONE

CITY OF LEON VALLEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

CURRENT YEAR-FEDERAL AWARDS AND QUESTIONED COSTS

Noncompliance Finding 2018-001 – Special Tests and Provisions – Wage Requirements – Timeliness of Collection of Weekly Certified Payrolls Catalog of Federal Domestic Assistance (CFDA) 20.205

Federal program name: Highway Planning and Construction

Name of Federal agency: U.S. Department of Transportation

Federal award number: CSJ 0915-12-583

Federal award year: Fiscal Year 2018

Pass-through entity: Texas Department of Transportation

Criteria or Specific Requirement: Per 29 CFR Sections 5.5 and 5.6, nonfederal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with requirements of the Davis Bacon Act and U.S. Department of Labor (DOL) regulations. This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of payroll and a statement of compliance (certified payroll). In addition, under DOL regulations, weekly time sheets must be completed within seven days after the regular pay date for pay period.

Condition and Context: We sampled eight out of nine construction vendors paid in the current fiscal year and all vendors tested submitted certified payrolls. The certified payrolls were not received within seven days after the pay period as required by the DOL.

Cause and Effect: The Project Manager did not receive the Certified Payroll in a timely manner which would defeat the purpose of determining whether the contractor and sub-contractors were complying with the wage rate requirement in a timely basis. Draws were made prior to Davis-Bacon Certification. Monthly estimates should not have been processed for payment if there were delinquent payrolls. Ultimately, the City complied with the Davis-Bacon Act.

Sampling: The sample was not intended to be, and was not, a statistically valid sample.

Questioned Costs: None



January 14, 2019

Re: Response to Finding 2018-001 Special Tests and Provisions – Wage Requirements – Timeliness of Collection of Weekly Certified Payrolls Catalog of Federal Domestic Assistance (CFDA) 20.205

Cause and Effect: The Project Manager did not receive the certified payroll in a timely manner, which would defeat the purpose of determining whether or not the contractor and sub-contractors were complying with the wage rate requirement in a timely basis. Monthly estimates should not have been processed for payment if there were delinquent payrolls.

City Response:

The Project Manager will insert language into all federal or state contracts that states “The General Contractor will comply with the Davis Bacon Act and will submit a copy of the payrolls of all contractor and sub-contractors, for each week in which any contract work is performed, along with a statement of compliance (certified payroll). In addition, weekly time sheets must be completed and submitted within seven (7) days after the regular pay date for the pay period. If certified payrolls and weekly time sheets are not received within the allotted time, the City shall issue a stop work order to the contractor, which will be in effect until such time as weekly certified payrolls and time sheets are satisfactorily received. The Contract time will not be stopped during this process and any work days over contract time due to improper payroll submittals will be charged as per the Liquidated Damages provisions in the contract.”

The Project Manager shall review each payroll to certify compliance with the regulation, and submit all backup documentation with the request for payment.

CITY OF LEON VALLEY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Bexar County			
Community Development Block Grant Timberhill Drive and Huebner Drainage Project	14.218	B-15-UC-48-0500	\$54,835
Community Development Block Grant Conestoga Water Sewer Replacement Project	14.218	B-16-UC-48-0500	160,992
Community Development Block Grant Cades Dove Water Sewer Main Project	14.218	B-17-UC-48-0500	270,149
Total Community Development Block Grant			<u>\$485,976</u>
Total Passed Through Bexar County			<u>\$485,976</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$485,976</u>
U.S. DEPARTMENT OF TRANSPORTATION DEVELOPMENT			
Passed Through Texas Department of Transportation Highway Planning and Construction			
Evers Road Bridge Project	20.205	CSJ 0915-12-583	1,485,444
U.S. GENERAL SERVICES ADMINISTRATION			
Passed through Texas Facilities Commission/Federal Surplus Program			
Donation of Federal Surplus Property	39.003	N/A	1,629
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
Passed through Texas State Library and Archives Commission			
ILL Lending Program	45.310	LS-00-16-044-16	779
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICE			
Medical Assistance Program	93.778	N/A	33,831
U.S. DEPARTMENT OF JUSTICE			
Equitable Sharing Program	16.922	N/A	<u>318,727</u>
TOTAL FEDERAL PROGRAMS			<u><u>\$2,326,386</u></u>

CITY OF LEON VALLEY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 -- BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Leon Valley and is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE 2 -- INDIRECT COSTS

City of Leon Valley has elected to use the 10% de minimus cost rate, however, they have not charged indirect costs to any of its federal grants for the year ending September 30, 2018.

