

CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2017



OFFICIALS ISSUING REPORT

Kelly Kuentler
City Manager

Vickie Wallace
Director of Finance



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INTRODUCTORY SECTION



February 6, 2018

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, 2017.

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 unqualified “clean” opinion on the City of Leon Valley’s financial statements for the year ended September 30, 2017. The independent report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The City is operated under the council-manager form of government. Policy making and legislative authority are vested in the City Council, which consists of a Mayor and a five-member Council. The Council is elected on a non-partisan basis at large. Council members are elected to two-year staggered terms. The Mayor is elected at large to a two-year term. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and the hiring of a City Manager. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, overseeing the day-to-day operations of the City, and appointing the heads of the City's departments.

The City maintains extensive budgetary controls. The objective of these controls is to ensure the proper safeguarding of City assets, compliance with State budgetary statutes and compliance with legal provisions embodied in the annual budget approved by the City Council. Activities of the General Fund, Debt Service Fund, Water and Sewer (Enterprise) Fund, Community Center Fund, Building Security Fund, Child Safety Fund, Municipal Court Technology Fund, Street Maintenance Tax Fund, Police Forfeiture Fund, Grant Fund, 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 55-60 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, 2017, 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, 2016 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.

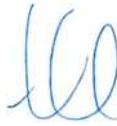
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

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, 2016

Christopher P. Morill

Executive Director/CBO

CITY OF LEON VALLEY, TEXAS
PRINCIPAL OFFICIALS
YEAR ENDED SEPTEMBER 30, 2017

ELECTED OFFICIALS

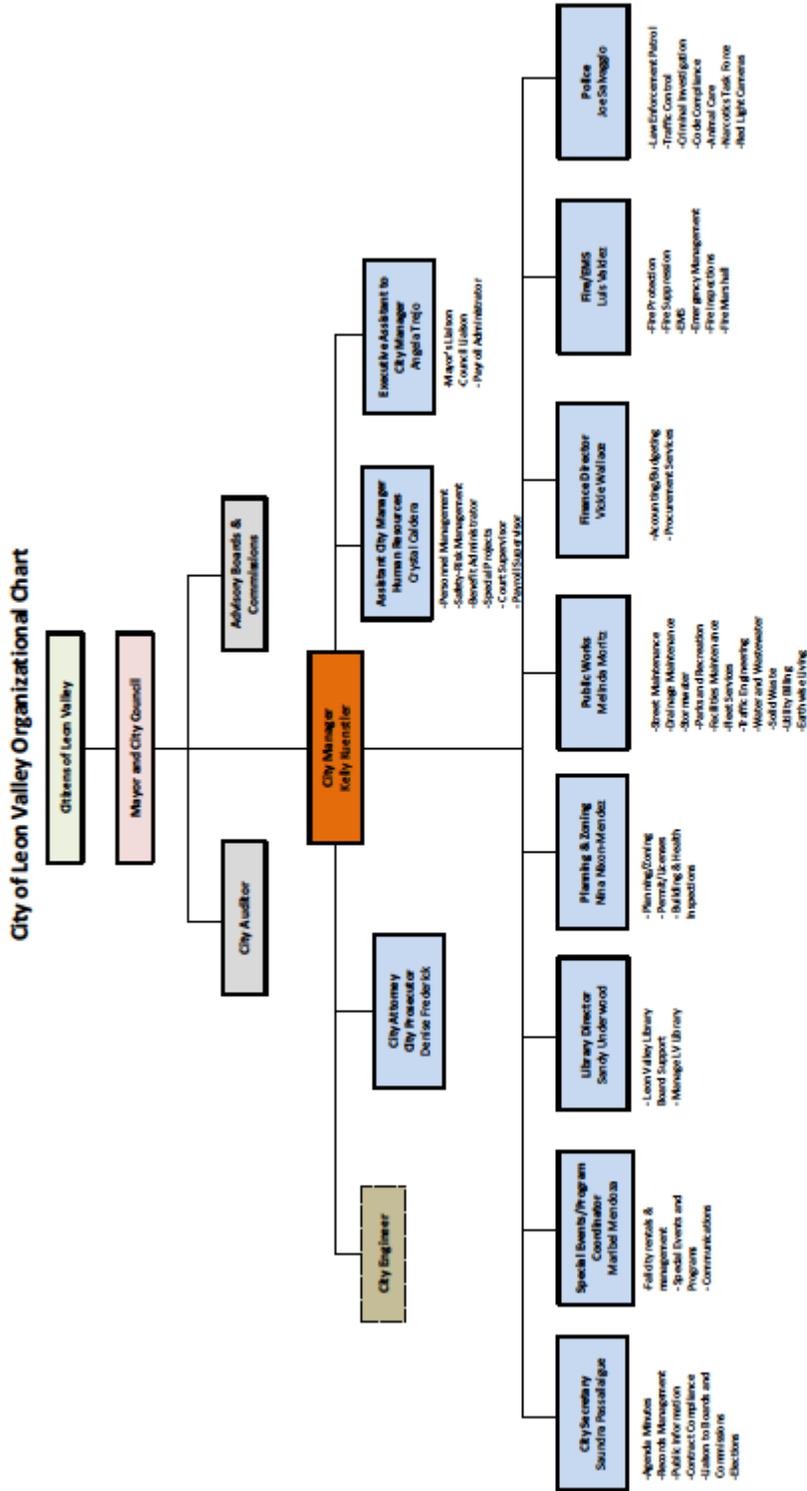
MAYOR	CHRIS RILEY
CITY COUNCIL, PLACE 1	DAVID EDWARDS
CITY COUNCIL, PLACE 2	BELINDA EALY
CITY COUNCIL, PLACE 3	MONICA ALCO CER
CITY COUNCIL, PLACE 4	BENNY MARTINEZ
CITY COUNCIL, PLACE 5	DAVID JORDAN

CITY OFFICIALS

CITY MANAGER	KELLY KUENSTLER
DIRECTOR OF FINANCE	VICKIE WALLACE
CITY ATTORNEY	DENISE FREDERICK
CITY SECRETARY	SAUNDRA PASSAILAIGUE
PLANNING AND ZONING DIRECTOR	NINA NIXON-MENDEZ
POLICE CHIEF	JOSEPH SALVAGGIO
FIRE CHIEF	LUIZ VALDEZ
LIBRARIAN	SANDRA UNDERWOOD
PUBLIC WORKS DIRECTOR	MELINDA MORITZ
HUMAN RESOURCES DIRECTOR/ACM	CRYSTAL CALDERA

CITY OF LEON VALLEY ORGANIZATIONAL CHART

Organizational Chart FY 2018





FINANCIAL SECTION



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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Leon Valley, as of and for the year ended September 30, 2017, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Leon Valley, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to the City's net pension liability – 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, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The comparative financial statements and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 February 6, 2018 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.

A handwritten signature in black ink that reads "Armstrong, Vaughan & Associates, P.C." The signature is written in a cursive, flowing style.

Armstrong, Vaughan & Associates, P.C.

February 6, 2018

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, 2017. 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 \$22.4 million (net position). Of this amount, \$4.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2.6 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.6 million, an increase of \$857 thousand in comparison with the prior year.
- At the end of the fiscal year, the combined total of the General Fund assigned and unassigned fund balances was \$3.6 million which is 42% of the general fund expenditures not including capital outlay.
- During the fiscal year, the City did not issue additional debt.
- In November of 2016, the citizen's voted to terminate the Leon Valley Economic Development Corporation (LVEDC). The 1/8 cent sales tax that was going to the LVEDC will now go to the City's general fund for economic development.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused personal leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all

or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, parks and recreation, library, and community development. The business-type activities of the City are water and sewer. The City had one component unit which is a 4B Economic Development Corporation. The Corporation was dissolved in November 2016 per citizen's vote.

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	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 8,234,272	\$ 7,414,451	\$ 4,762,227	\$ 4,769,807	\$ 12,996,499	\$ 12,184,258
Capital Assets	17,297,600	16,664,951	5,747,705	4,586,280	23,045,305	21,251,231
Total Assets	<u>25,531,872</u>	<u>24,079,402</u>	<u>10,509,932</u>	<u>9,356,087</u>	<u>36,041,804</u>	<u>33,435,489</u>
Deferred Outflows of Resources	<u>1,829,467</u>	<u>2,313,005</u>	<u>361,608</u>	<u>466,004</u>	<u>2,191,075</u>	<u>2,779,009</u>
Liabilities						
Current Liabilities	1,076,197	1,080,339	552,950	147,215	1,629,147	1,227,554
Noncurrent Liabilities	10,921,639	11,214,351	2,714,629	2,879,285	13,636,268	14,093,636
Total Liabilities	<u>11,997,836</u>	<u>12,294,690</u>	<u>3,267,579</u>	<u>3,026,500</u>	<u>15,265,415</u>	<u>15,321,190</u>
Deferred Inflows of Resources	<u>487,051</u>	<u>890,155</u>	<u>96,537</u>	<u>179,914</u>	<u>583,588</u>	<u>1,070,069</u>
Net Position						
Net Investment in						
Capital Assets	9,534,380	8,324,593	4,049,170	4,367,353	13,583,550	12,691,946
Restricted	2,999,981	2,186,825	1,279,204	1,042,946	4,279,185	3,229,771
Unrestricted	2,342,091	2,696,144	2,179,050	1,205,378	4,521,141	3,901,522
Total Net Position	<u>\$ 14,876,452</u>	<u>\$ 13,207,562</u>	<u>\$ 7,507,424</u>	<u>\$ 6,615,677</u>	<u>\$ 22,383,876</u>	<u>\$ 19,823,239</u>

The largest portion of the City's net position, \$13.6 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, \$4.3 million represents resources that are subject to external restrictions on how they may be used. The remaining \$4.5 million represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.

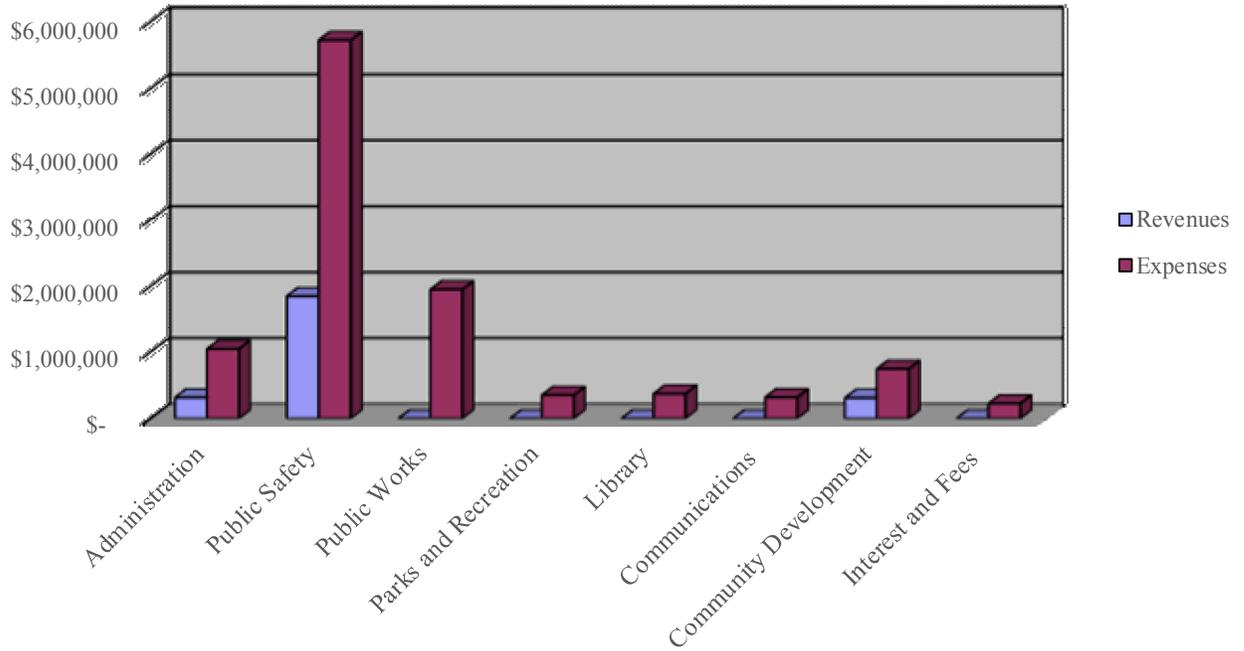
Governmental activities increased net position by \$1.7 million, which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

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

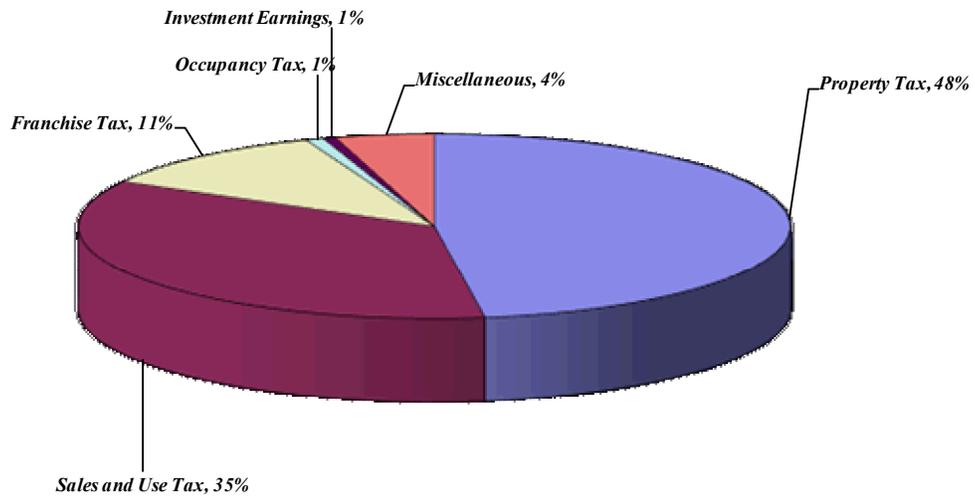
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,016,052	\$ 1,448,798	\$ 4,589,550	\$ 3,683,776	\$ 6,605,602	\$ 5,132,574
Operating Grants and Contributions	476,415	160,001	120,165	-	596,580	160,001
Capital Grants and Contributions	-	37,766	-	-	-	37,766
General Revenues						
Property Taxes	4,752,901	4,440,697	-	-	4,752,901	4,440,697
Sales Taxes	3,517,289	3,244,710	-	-	3,517,289	3,244,710
Franchise Taxes	1,104,166	983,728	-	-	1,104,166	983,728
Occupancy Taxes	80,600	89,170	-	-	80,600	89,170
Investment Earnings	55,460	17,663	74,303	11,987	129,763	29,650
Miscellaneous	447,168	27,995	9,824	116,200	456,992	144,195
Total Revenues	<u>12,450,051</u>	<u>10,450,528</u>	<u>4,793,842</u>	<u>3,811,963</u>	<u>17,243,893</u>	<u>14,262,491</u>
Expenses:						
Administration	1,052,772	1,125,550	-	-	1,052,772	1,125,550
Public Safety	5,731,890	4,598,579	-	-	5,731,890	4,598,579
Public Works	1,960,573	1,492,449	-	-	1,960,573	1,492,449
Parks and Recreation	357,055	228,169	-	-	357,055	228,169
Library	375,764	367,252	-	-	375,764	367,252
Communications	322,727	355,508	-	-	322,727	355,508
Community Development	753,029	880,111	-	-	753,029	880,111
Utility	-	-	3,901,345	3,752,522	3,901,345	3,752,522
Interest and Fiscal Agent Fees	228,101	205,890	-	-	228,101	205,890
Total Expenses	<u>10,781,911</u>	<u>9,253,508</u>	<u>3,901,345</u>	<u>3,752,522</u>	<u>14,683,256</u>	<u>13,006,030</u>
INCREASE IN NET POSITION BEFORE TRANSFERS	1,668,140	1,197,020	892,497	59,441	2,560,637	1,256,461
Transfers In (Out)	<u>750</u>	<u>-</u>	<u>(750)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	1,668,890	1,197,020	891,747	59,441	2,560,637	1,256,461
BEGINNING NET POSITION	13,207,562	12,010,542	6,615,677	6,556,236	19,823,239	18,566,778
ENDING NET POSITION	<u>\$ 14,876,452</u>	<u>\$ 13,207,562</u>	<u>\$ 7,507,424</u>	<u>\$ 6,615,677</u>	<u>\$ 22,383,876</u>	<u>\$ 19,823,239</u>

EXPENSES AND PROGRAM REVENUES –GOVERNMENTAL ACTIVITIES
 TOTAL EXPENSES 2017 AND 2016-GOVERNMENT-WIDE

Revenues-Governmental Activities (Continued)

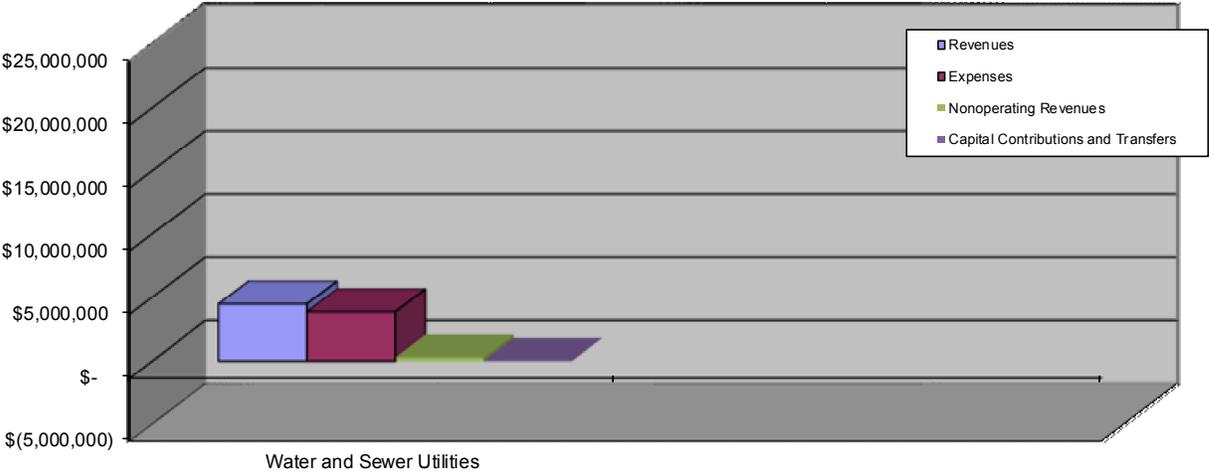
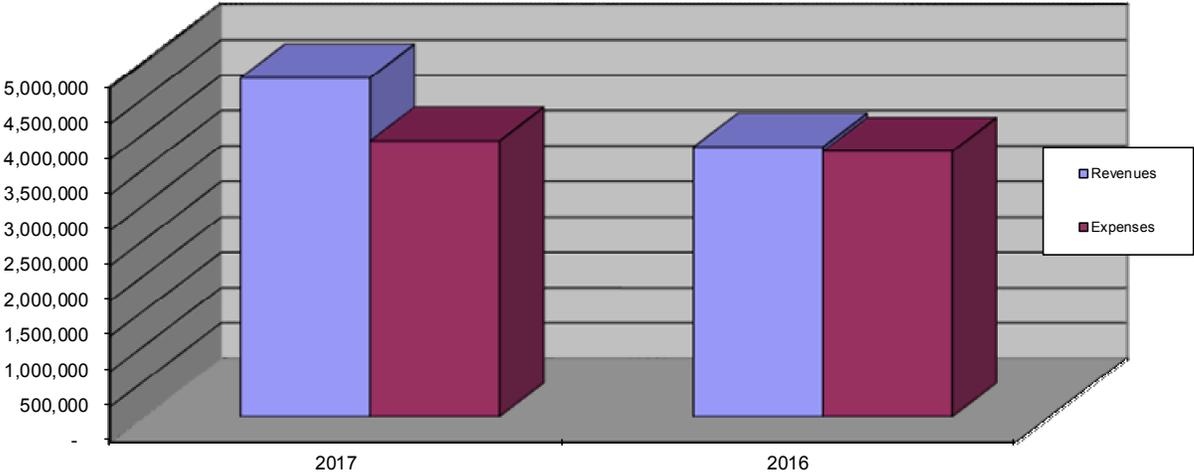


General Revenue by Source - Governmental Activities



Business-Type Activities

Business-Type activities accounted for 36.9% 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 of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.6 million, an increase of \$857 thousand in comparison with fiscal year 2016. 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, 2017, the fund balance of the City's general fund increased by \$478 thousand. Key factors in the increase are as follows:

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

The debt service fund has a total fund balance of \$340 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 \$19 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 \$2.2 million. The total increase in net position for the water and sewer fund was \$892 thousand. Most of this increase is due to an increase in the water rates.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its budget for a total increase of \$1,065,290. The following are the main components of the increase:

- \$500,000 supplemental appropriations for the purchase of land
- \$125,000 supplemental appropriations for traffic light installation
- \$180,937 supplemental appropriations for contractual obligations
- \$10,179 supplemental appropriations for a flood warning system

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, 2017 amounted to \$23.0 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 \$1.9 million from fiscal year 2016.

TABLE A-3
CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 1,317,346	\$ 817,346	\$ 113,227	\$ 113,227	\$ 1,430,573	\$ 930,573
Water Rights	-	-	1,657,728	1,531,672	1,657,728	1,531,672
Buildings	10,981,760	11,615,781	25,403	25,403	11,007,163	11,641,184
Water/Wastewater System - Plant	-	-	6,903,719	6,903,719	6,903,719	6,903,719
Transportation and Equipment	6,005,123	6,082,643	-	750,181	6,005,123	6,832,824
Infrastructure	11,972,595	11,079,412	807,331	-	12,779,926	11,079,412
Construction in Progress	251,577	-	1,532,238	229,152	1,783,815	229,152
Accumulated Depreciation	<u>(13,230,801)</u>	<u>(12,930,231)</u>	<u>(5,291,941)</u>	<u>(5,101,689)</u>	<u>(18,522,742)</u>	<u>(18,031,920)</u>
TOTALS	<u>\$ 17,297,600</u>	<u>\$ 16,664,951</u>	<u>\$ 5,747,705</u>	<u>\$ 4,451,665</u>	<u>\$ 23,045,305</u>	<u>\$ 21,116,616</u>

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

Long-Term Debt - For the fiscal year ended September 30, 2017, the City had a total bonded debt outstanding of \$9.8 million.

TABLE A-4
LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 7,028,220	\$ 7,450,179	\$ 2,062,543	\$ 2,086,424	\$ 9,090,763	\$ 9,536,603
Public Property Finance Contracts	<u>735,000</u>	<u>780,000</u>	<u>-</u>	<u>-</u>	<u>735,000</u>	<u>780,000</u>
TOTALS	<u>\$ 7,763,220</u>	<u>\$ 8,230,179</u>	<u>\$ 2,062,543</u>	<u>\$ 2,086,424</u>	<u>\$ 9,825,763</u>	<u>\$ 10,316,603</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2018, sales tax was budgeted with a 1.34% decrease. The City adopted a tax rate of \$0.556599, which is the same as the fiscal year 2017 tax rate. The tax components are as follows: \$0.478752 for Maintenance and Operations and \$0.077847 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 \$8,924,068 and capital expenditures are budgeted at \$2,510,015. Funding for the capital expenditures will come from the capital reserves and not the current year operating revenues, with the exception of \$1,287,750 for the construction of the Evers Road Bridge. Funding for this project will come from the Texas Department of Transportation (TxDOT). The largest increase comes from personnel costs and contractual services.

REQUESTS FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS

CITY OF LEON VALLEY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Leon Valley EDC
ASSETS				
<i>Current Assets:</i>				
Cash and Cash Equivalents:				
Unrestricted	\$ 1,382,803	\$ 363,642	\$ 1,746,445	\$ -
Restricted	-	142,635	142,635	-
Investments				
Unrestricted	5,512,686	-	5,512,686	-
Receivables (net of allowances):				
Property Taxes	157,476	-	157,476	-
Special Assessment	11,744	-	11,744	-
Other	573,065	701,716	1,274,781	-
Due from Other Governments	541,753	-	541,753	-
Inventories	12,025	-	12,025	-
Prepaid Items	42,720	8,303	51,023	-
<i>Total Current Assets</i>	<u>8,234,272</u>	<u>1,216,296</u>	<u>9,450,568</u>	<u>-</u>
<i>Noncurrent Assets:</i>				
Restricted Investments				
Capital Assets:				
Land	1,317,346	113,227	1,430,573	-
Water Rights	-	1,657,728	1,657,728	-
Buildings	10,981,760	25,403	11,007,163	-
Water/Wastewater System-Plant	-	6,903,719	6,903,719	-
Other Machinery and Equipment	1,643,021	-	1,643,021	-
Office Equipment	40,874	-	40,874	-
Infrastructure	11,972,595	-	11,972,595	-
Transportation and Equipment	4,321,228	807,331	5,128,559	-
Construction in Progress	251,577	1,532,238	1,783,815	-
Less: Accumulated Depreciation	(13,230,801)	(5,291,941)	(18,522,742)	-
<i>Total Noncurrent Assets:</i>	<u>17,297,600</u>	<u>9,293,636</u>	<u>26,591,236</u>	<u>-</u>
TOTAL ASSETS	<u>25,531,872</u>	<u>10,509,932</u>	<u>36,041,804</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	5,078	-	5,078	-
Deferred Pension Related Outflows	1,824,389	361,608	2,185,997	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,829,467</u>	<u>\$ 361,608</u>	<u>\$ 2,191,075</u>	<u>\$ -</u>

See Accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Leon Valley EDC
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 121,791	\$ 284,802	\$ 406,593	\$ -
Accrued Expenditures	258,547	44,041	302,588	-
Accrued Interest Payable	35,203	11,352	46,555	-
Current Portion of Compensated Absences	138,010	31,239	169,249	-
Current Portion of Long-Term Debt	481,959	38,881	520,840	-
Payable from Restricted Assets:				
Customer Deposits Payable	40,687	142,635	183,322	-
<i>Total Current Liabilities</i>	<u>1,076,197</u>	<u>552,950</u>	<u>1,629,147</u>	<u>-</u>
<i>Noncurrent Liabilities:</i>				
Compensated Absences	472,151	63,000	535,151	-
Net Pension Liability	3,168,227	627,967	3,796,194	-
Long-Term Debt	7,281,261	2,023,662	9,304,923	-
<i>Total Noncurrent Liabilities</i>	<u>10,921,639</u>	<u>2,714,629</u>	<u>13,636,268</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,997,836</u>	<u>3,267,579</u>	<u>15,265,415</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Pension Related Inflows	487,051	96,537	583,588	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>487,051</u>	<u>96,537</u>	<u>583,588</u>	<u>-</u>
NET POSITION				
Net Investment In Capital Assets	9,534,380	4,049,170	13,583,550	-
Restricted For:				
Parks	1,845	-	1,845	-
Economic Development	315,593	-	315,593	-
Public Education Grants	179,891	-	179,891	-
Debt Service	339,936	-	339,936	-
Other	2,162,716	-	2,162,716	-
Water Supply	-	270,749	270,749	-
Storm Water Fee	-	1,008,455	1,008,455	-
Unrestricted	2,342,091	2,179,050	4,521,141	-
TOTAL NET POSITION	<u>\$ 14,876,452</u>	<u>\$ 7,507,424</u>	<u>\$ 22,383,876</u>	<u>\$ -</u>

See Accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 1,052,772	\$ 319,498	\$ -	\$ -
Public Safety	5,731,890	1,620,197	241,058	-
Public Works	1,960,573	-	-	-
Parks and Recreation	357,055	-	-	-
Library	375,764	-	-	-
Communications	322,727	-	-	-
Community Development	753,029	76,357	235,357	-
Interest and Fiscal Agent Fees	228,101	-	-	-
<i>Total Governmental Activities</i>	<u>10,781,911</u>	<u>2,016,052</u>	<u>476,415</u>	<u>-</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	3,901,345	4,589,550	120,165	-
<i>Total Business-Type Activities</i>	<u>3,901,345</u>	<u>4,589,550</u>	<u>120,165</u>	<u>-</u>
Total Primary Government	<u><u>\$ 14,683,256</u></u>	<u><u>\$ 6,605,602</u></u>	<u><u>\$ 596,580</u></u>	<u><u>\$ -</u></u>
Component Unit:				
Leon Valley Economic				
Development Corporation	\$ 350,166	\$ -	\$ -	\$ -
Total Component Unit	<u><u>\$ 350,166</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</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				
Net Position at End of Year				

See Accompanying notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Leon Valley EDC
\$ (733,274)	\$ -	\$ (733,274)	\$ -
(3,870,635)	-	(3,870,635)	-
(1,960,573)	-	(1,960,573)	-
(357,055)	-	(357,055)	-
(375,764)	-	(375,764)	-
(322,727)	-	(322,727)	-
(441,315)	-	(441,315)	-
(228,101)	-	(228,101)	-
<u>(8,289,444)</u>	<u>-</u>	<u>(8,289,444)</u>	<u>-</u>
-	808,370	808,370	-
-	808,370	808,370	-
<u>(8,289,444)</u>	<u>808,370</u>	<u>(7,481,074)</u>	<u>-</u>
-	-	-	(350,166)
-	-	-	(350,166)
4,752,901	-	4,752,901	-
3,517,289	-	3,517,289	-
1,104,166	-	1,104,166	-
80,600	-	80,600	-
55,460	74,303	129,763	-
447,168	9,824	456,992	-
<u>9,957,584</u>	<u>84,127</u>	<u>10,041,711</u>	<u>-</u>
<u>750</u>	<u>(750)</u>	<u>-</u>	<u>-</u>
1,668,890	891,747	2,560,637	(350,166)
<u>13,207,562</u>	<u>6,615,677</u>	<u>19,823,239</u>	<u>350,166</u>
<u>\$ 14,876,452</u>	<u>\$ 7,507,424</u>	<u>\$ 22,383,876</u>	<u>\$ -</u>

CITY OF LEON VALLEY
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Debt Service	Street Maintenance Tax Fund
ASSETS			
Cash and Cash Equivalents	\$ 556,832	\$ 338,458	\$ 220,571
Investments	3,999,848	-	950,341
Accounts Receivables (net of allowances)			
Taxes	133,956	23,520	-
Special Assessment	-	11,744	-
Other	366,070	1,417	-
Due from Other Governments	489,092	-	106,743
Inventories	12,025	-	-
Prepaid Items	40,625	-	-
TOTAL ASSETS	<u>\$ 5,598,448</u>	<u>\$ 375,139</u>	<u>\$ 1,277,655</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 79,840	\$ -	\$ 22,727
Accrued Expenditures	244,511	-	7,636
Deposits Payable	800	-	-
<i>Total Liabilities</i>	<u>325,151</u>	<u>-</u>	<u>30,363</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Revenues - Taxes	133,956	35,264	-
<i>Total Deferred Inflows of Resources</i>	<u>133,956</u>	<u>35,264</u>	<u>-</u>
<i>Fund Balances:</i>			
Nonspendable:			
Inventory	12,025	-	-
Prepaid Items	40,625	-	-
Restricted for:			
Public Education Grants	179,891	-	-
Park Bucks	1,845	-	-
Debt Service	-	339,875	-
Economic Development Corporation	315,593	-	-
Other	-	-	1,247,292
Committed for Disaster Emergencies	1,000,000	-	-
Assigned for:			
Tree Mitigation and Replacement	25,875	-	-
Economic Development	54,825	-	-
Community and Conference Center	-	-	-
Unassigned	3,508,662	-	-
<i>Total Fund Balances</i>	<u>5,139,341</u>	<u>339,875</u>	<u>1,247,292</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,598,448</u>	<u>\$ 375,139</u>	<u>\$ 1,277,655</u>

See Accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 266,942	\$ 1,382,803
562,497	5,512,686
-	157,476
-	11,744
98,835	466,322
52,661	648,496
-	12,025
2,095	42,720
<u>\$ 983,030</u>	<u>\$ 8,234,272</u>
\$ 19,224	\$ 121,791
6,400	258,547
39,887	40,687
<u>65,511</u>	<u>421,025</u>
-	169,220
<u>-</u>	<u>169,220</u>
-	12,025
2,095	42,720
-	179,891
-	1,845
-	339,875
-	315,593
915,424	2,162,716
-	1,000,000
-	25,875
-	54,825
-	-
-	3,508,662
<u>917,519</u>	<u>7,644,027</u>
<u>\$ 983,030</u>	<u>\$ 8,234,272</u>



CITY OF LEON VALLEY
RECONCILIATION OF BALANCE SHEET
SEPTEMBER 30, 2017

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 7,644,027
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.		17,297,600
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recognized as revenue in the funds.		169,220
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.		(610,161)
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	(7,763,220)	
Unamortized Premiums, Discounts, Losses on Refundings	5,078	
Accrued Interest Payable	<u>(35,203)</u>	(7,793,345)
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	(3,168,227)	
Pension Related Deferred Inflows	(487,051)	
Pension Related Deferred Outflows	<u>1,824,389</u>	<u>(1,830,889)</u>
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		 <u>\$ 14,876,452</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, 2017

	General Fund	Debt Service	Street Maintenance Tax
REVENUES			
Property Taxes	\$ 4,054,609	\$ 700,853	\$ -
Sales Taxes	2,651,475	-	580,223
Franchise Taxes	1,104,166	-	-
Occupancy Taxes	-	-	-
Licenses and Permits	308,806	-	-
EMS	257,107	-	-
Fines and Forfeitures	430,852	-	-
Grants	159,303	-	-
Rent	-	-	-
Investment Earnings	43,701	-	6,545
Miscellaneous	687,720	-	-
TOTAL REVENUES	<u>9,697,739</u>	<u>700,853</u>	<u>586,768</u>
EXPENDITURES			
<i>Current:</i>			
Administration	873,233	-	-
Public Safety	4,407,435	-	-
Public Works	1,374,632	-	434,537
Parks and Recreation	324,379	-	-
Library	360,023	-	-
Communications	322,727	-	-
Community Development	543,053	-	-
<i>Capital Outlay</i>	1,014,281	-	-
<i>Debt Service:</i>			
Principal	-	460,000	-
Interest and Fiscal Charges	-	222,255	-
TOTAL EXPENDITURES	<u>9,219,763</u>	<u>682,255</u>	<u>434,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>477,976</u>	<u>18,598</u>	<u>152,231</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	750	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>750</u>	<u>-</u>
Net Change in Fund Balance	477,976	19,348	152,231
Fund Balances at Beginning of Year	<u>4,661,365</u>	<u>320,527</u>	<u>1,095,061</u>
Fund Balances at End of Year	<u>\$ 5,139,341</u>	<u>\$ 339,875</u>	<u>\$ 1,247,292</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 4,755,462
285,592	3,517,290
-	1,104,166
80,600	80,600
-	308,806
-	257,107
942,930	1,373,782
74,170	233,473
76,357	76,357
5,215	55,461
2,381	690,101
<u>1,467,245</u>	<u>12,452,605</u>
4,827	878,060
771,971	5,179,406
-	1,809,169
-	324,379
-	360,023
-	322,727
156,289	699,342
327,162	1,341,443
-	460,000
-	222,255
<u>1,260,249</u>	<u>11,596,804</u>
<u>206,996</u>	<u>855,801</u>
-	750
-	750
206,996	856,551
<u>710,523</u>	<u>6,787,476</u>
<u>\$ 917,519</u>	<u>\$ 7,644,027</u>



CITY OF LEON VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES,
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 856,551

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	1,493,251	
Depreciation Expense	<u>(860,602)</u>	632,649

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (2,558)

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	466,959	
Amortization of Premiums, Discounts, Losses	<u>(15,234)</u>	451,725

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. (143,947)

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	(127,959)	
Accrued Interest	<u>2,429</u>	<u>(125,530)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 1,668,890

CITY OF LEON VALLEY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
SEPTEMBER 30, 2017

	Business-Type Activity
	Water and Wastewater
ASSETS	
<i>Current Assets:</i>	
Cash and Cash Equivalents:	
Unrestricted	\$ 363,642
Restricted for Customer Deposits	142,635
Accounts Receivable, Net of Allowance:	
Customer Accounts	701,716
Prepaid Items	8,303
<i>Total Current Assets</i>	1,216,296
 <i>Noncurrent Assets:</i>	
Restricted Investments	3,545,931
Capital Assets:	
Land	113,227
Water Rights	1,657,728
Buildings and Improvements	25,403
Water/Wastewater System-Plant	6,903,719
Transportation and Equipment	807,331
Construction in Progress	1,532,238
Less: Accumulated Depreciation	(5,291,941)
<i>Total Noncurrent Assets</i>	9,293,636
TOTAL ASSETS	10,509,932
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Related Outflows	361,608
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 361,608

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)
SEPTEMBER 30, 2017

	Business-Type Activity <u>Water and Wastewater</u>
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 284,802
Accrued Expenditures	44,041
Accrued Interest Payable	11,352
Current Portion of Compensated Absences	31,239
Current Portion of Long-Term Debt	38,881
Payable from Restricted Assets:	
Customer Deposits Payable	142,635
<i>Total Current Liabilities</i>	<u>552,950</u>
 <i>Noncurrent Liabilities:</i>	
Compensated Absences	63,000
Net Pension Liability	627,967
Long-Term Debt	2,023,662
<i>Total Noncurrent Liabilities</i>	<u>2,714,629</u>
TOTAL LIABILITIES	<u>3,267,579</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Related Inflows	<u>96,537</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>96,537</u>
 NET POSITION	
Net Investment in Capital Assets	4,049,170
Restricted for:	
Water Supply Fee Reserve	270,749
Storm Water Fee Reserve	1,008,455
Unrestricted	
Unrestricted Appropriated Net Position	350,000
Appropriated for Capital Outlay	1,829,050
TOTAL NET POSITION	<u>\$ 7,507,424</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, 2017

	Business-Type Activities
	Water and Sewer System
OPERATING REVENUES	
Metered Water Sales	\$ 1,463,982
Wastewater Sales Charges	2,124,419
Storm Water Fees	400,880
Connection and Platting	329,779
Customer Penalties	56,452
Customer Disconnect Fees	8,850
Tap Fees	72,632
TOTAL OPERATING REVENUES	4,456,994
OPERATING EXPENSES	
General and Administrative	737,379
Water System	879,944
Wastewater System	1,631,662
Stormwater System	394,164
Depreciation	190,251
TOTAL OPERATING EXPENSES	3,833,400
OPERATING INCOME (LOSS)	623,594
NONOPERATING REVENUES (EXPENSES)	
Grants	120,165
Investment Earnings	74,303
Interest Expense	(67,945)
Miscellaneous	9,824
Impact Fees	132,556
TOTAL NONOPERATING REVENUES (EXPENSES)	268,903
Excess (Deficiency) of Revenues Over (Under) Expenditures	892,497
TRANSFERS	
Transfers Out	(750)
TOTAL TRANSFERS	(750)
CHANGE IN NET POSITION	891,747
NET POSITION AT BEGINNING OF YEAR	6,615,677
NET POSITION AT END OF YEAR	\$ 7,507,424

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activities <u>Water and Sewer System</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 4,200,275
Cash Paid to Supplier for Goods & Services	(2,299,726)
Cash Paid for Employee Salaries and Benefits	<u>(1,090,442)</u>
Net Cash Provided (Used) by Operating Activities	<u>810,107</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(1,431,900)
Impact, Grants and Misc. Fees	262,545
Interest Paid on Long-Term Debt	(82,510)
Transfers to Other Funds for Projects	(750)
Principal Paid on Long-Term Debt	<u>(23,881)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,276,496)</u>
Cash Flows From Investing Activities:	
Interest and Investment Earnings	<u>74,303</u>
Net Cash Provided (Used) by Investing Activities	<u>74,303</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(392,086)</u>
Cash and Cash Equivalents at Beginning of Year:	
Cash and Cash Equivalents	763,748
Restricted Cash and Cash Equivalents	<u>134,615</u>
	<u>898,363</u>
Cash and Cash Equivalents at End of Year:	
Cash and Cash Equivalents	363,642
Restricted Cash and Cash Equivalents	<u>142,635</u>
	<u>\$ 506,277</u>

See accompanying notes to basic financial statements.

CITY OF LEON VALLEY
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Business-Type Activity <hr style="border-top: 1px solid black;"/> Water and Wastewater
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 623,594
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	190,251
Decrease (Increase) in Assets:	
Accounts Receivable (net)	(264,739)
Prepaid Expenses	(8,303)
Deferred Pension Outflows	104,396
Increase (Decrease) in Liabilities:	
Accounts Payable	240,138
Accrued Liabilities	10,622
Customer Deposits	8,020
Compensated Absences	(14,341)
Net Pension Liability	3,846
Deferred Pension Inflows	(83,377)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 810,107</u></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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below:

A. Reporting Entity

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, *The Financial Reporting Entity* and GASB Statement 39 *Determining Whether Certain Organizations are Component Units*. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the criteria of GASB Nos. 14 and 39, the Leon Valley Economic Development Corporation (LVEDC) is considered to be a discretely presented component unit. The LVEDC is financially accountable to the City because City Council approves the LVEDC budget and must approve any debt issuance. The component unit's board is appointed by City Council and its activities benefit the City by promoting growth and development opportunities. Separate financial statements are not issued for the LVEDC. In November 2016, the citizens of Leon Valley voted to dissolve the LVEDC.

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, 2017

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, 2016, and became due October 1, 2016 have been assessed to finance the budget of the fiscal year beginning October 1, 2016 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2017.

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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Investments

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

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

F. Receivables

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2016 and past due after January 31, 2017. 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.

G. 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories and Prepaid Items

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

I. Budget

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

J. Restricted Assets

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

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

K. Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets, 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, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2017 of \$94,239 and \$610,161 has been recorded in accrued liabilities of the enterprise fund and government-wide statements, respectively. Compensated absences are reported in the governmental funds only if they have matured (i.e., unused reimbursable leave outstanding following an employee's resignation or retirement). The general fund is the governmental fund that has typically been used in prior years to liquidate the liability for compensated absences.

M. Deferred Inflows/Outflows of Resources

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

N. 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.

O. 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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.

Q. 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.
- **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.

R. 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. 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.

T. Use of Estimates

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

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash

At September 30, 2017, the carrying amount of the City's cash on hand was \$1,325; deposits in the bank were \$2,235,561 and the book balance was \$1,887,754. 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, 2017

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

B. Investments (Continued)

The City's investments at September 30, 2017 are as shown below:

Investment Type	Fair Value	Weighted Average Maturity in Days	Ratings	
			MOODY'S	S&P
TexPool	\$ 9,058,617	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	\$ 9,058,617	\$ -	\$ -	\$ 9,058,617

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, 2017, 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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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

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

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

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

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

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

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

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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

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

E. Public Funds Investment Pools

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

NOTE 3: RECEIVABLES

A. Special Assessments

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

B. Receivables

Receivables consist of the following:

	Governmental Funds				Proprietary Fund
	General	Debt Service	Street Maintenance Tax	Nonmajor Funds	Water and Sewer Fund
<i>Receivables:</i>					
Property Taxes	\$ 157,595	\$ 27,671	\$ -	\$ -	\$ -
Special Assessment	-	11,744	-	-	-
EMS	209,384	-	-	-	-
Sales Taxes	489,092	-	106,743	-	-
Franchise Taxes	43,416	-	-	-	-
Occupancy Taxes	-	-	-	25,370	-
Customers	-	-	-	-	711,270
Grants	-	-	-	71,397	-
Other	322,654	1,417	-	54,729	-
Gross Receivables	1,222,141	40,832	106,743	151,496	711,270
Less: Allowance for Uncollectibles	(233,023)	(4,151)	-	-	(9,554)
Net Total Receivables	<u>\$ 989,118</u>	<u>\$ 36,681</u>	<u>\$ 106,743</u>	<u>\$ 151,496</u>	<u>\$ 701,716</u>

CITY OF LEON VALLEY
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2017

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, 2016, upon which the fiscal 2017 levy was based, was \$887,140,474 (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, 2017 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: General Fund

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
Water & Sewer	Debt	\$ 750	Supplement Debt Payment

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 6 – CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended September 30, 2017 was as follows:

	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Governmental Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 817,346	\$ 500,000	\$ -	\$ -	\$ 1,317,346
Construction in Progress	-	251,577	-	-	251,577
<i>Total Capital Assets Not Being Depreciated</i>	<u>817,346</u>	<u>751,577</u>	<u>-</u>	<u>-</u>	<u>1,568,923</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings	11,615,781	-	-	(634,021)	10,981,760
Other Machinery and Equipment	6,082,643	216,421	(84,341)	(4,571,702)	1,643,021
Office Equipment	-	-	(21,023)	61,897	40,874
Vehicles	-	250,257	(354,984)	4,425,955	4,321,228
Infrastructure	11,079,412	175,311	-	717,871	11,972,594
<i>Total Capital Assets Being Depreciated</i>	<u>28,777,836</u>	<u>641,989</u>	<u>(460,348)</u>	<u>-</u>	<u>28,959,477</u>
<i>Accumulated Depreciation:</i>					
Buildings	(1,718,298)	(222,558)	-	3,826	(1,937,030)
Other Machinery and Equipment	(4,176,277)	(74,687)	84,341	2,729,862	(1,436,761)
Office Equipment	-	-	21,023	(31,943)	(10,920)
Vehicles	-	(285,976)	354,984	(2,598,040)	(2,529,032)
Infrastructure	(7,035,656)	(177,697)	-	(103,705)	(7,317,058)
<i>Total Accumulated Depreciation</i>	<u>(12,930,231)</u>	<u>(760,918)</u>	<u>460,348</u>	<u>-</u>	<u>(13,230,801)</u>
Total Capital Assets Being Depreciated, Net	<u>15,847,605</u>	<u>(118,929)</u>	<u>-</u>	<u>-</u>	<u>15,728,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 16,664,951</u>	<u>\$ 632,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,297,599</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 6 – CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-Type Activities:					
<i>Capital Assets, Not Being Depreciated:</i>					
Land	\$ 113,227	\$ -	\$ -	\$ -	\$ 113,227
Water Rights	1,531,672	126,056	-	-	1,657,728
Construction in Progress	229,152	1,248,696	-	-	1,477,848
<i>Total Assets Not Being Depreciated</i>	<u>1,874,051</u>	<u>1,374,752</u>	<u>-</u>	<u>-</u>	<u>3,248,803</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings and Improvements	25,403	-	-	-	25,403
Waster/Wastewater System - Plant	6,903,719	-	-	-	6,903,719
Transportation and Equipment	750,182	57,149	-	-	807,331
<i>Total Capital Assets Being Depreciated</i>	<u>7,679,304</u>	<u>57,149</u>	<u>-</u>	<u>-</u>	<u>7,736,453</u>
<i>Accumulated Depreciation:</i>					
Buildings and Improvements	(19,937)	(408)	-	-	(20,345)
Machinery, Equipment, and Vehicles	(4,506,593)	(128,602)	-	-	(4,635,195)
Infrastructure	(575,159)	(61,242)	-	-	(636,401)
<i>Total Accumulated Depreciation</i>	<u>(5,101,689)</u>	<u>(190,252)</u>	<u>-</u>	<u>-</u>	<u>(5,291,941)</u>
Total Capital Assets Being Depreciated, Net	<u>2,577,615</u>	<u>(133,103)</u>	<u>-</u>	<u>-</u>	<u>2,444,512</u>
Business-Type Activities Capital Assets, Net	<u>\$ 4,451,666</u>	<u>\$ 1,241,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,693,315</u>

Depreciation expense was charged to the governmental functions as follows:

<i>Governmental Activities:</i>	
Administration	\$ 204,409
Public Safety	280,541
Public Works	174,300
Parks and Recreation	28,602
Community Development	57,325
Library	15,741
<i>Total Depreciation Expense - Governmental Activities</i>	<u>\$ 760,918</u>
<i>Business-Type Activities:</i>	
Water and Sewer System	<u>\$ 190,252</u>
<i>Total Depreciation Expense - Business Type Activities</i>	<u>\$ 190,252</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7 – LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2017 were comprised of the following individual issues:

	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>
<i>Primary Government</i>				
Governmental Activities:				
General Obligation Bonds				
2009 Series, Refunding	\$ 2,575,000	2018	2-4.0%	\$ 325,000
2012 Series	7,000,000	2032	1.25-3.25%	6,600,000
Public Property Financing Contracts				
2009 Public Property Finance Contract	\$ 1,060,000	2029	3.125-5%	735,000
Total Governmental Long-Term Obligations				<u><u>\$ 7,660,000</u></u>

	<u>Issue Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Balance</u>
Business Type:				
Certificates of Obligation				
2016 Series	\$ 1,970,000	2046	4.01%	\$ 1,950,000
Total Business-Type Long-Term Obligations				<u><u>\$ 1,950,000</u></u>

	<u>Balance</u> <u>9/30/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2017</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities:</i>					
General Obligation Bonds	\$ 6,700,000	\$ -	\$ (100,000)	\$ 6,600,000	\$ 100,000
General Obligation Refunding Bonds	640,000	-	(315,000)	325,000	325,000
Public Property Finance Contract	780,000	-	(45,000)	735,000	50,000
Unamortized Premium	110,179	-	(6,959)	103,220	6,959
Total Governmental Activities	<u><u>\$ 8,230,179</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (466,959)</u></u>	<u><u>\$ 7,763,220</u></u>	<u><u>\$ 481,959</u></u>
<i>Business-Type Activities:</i>					
Certificates of Obligation	\$ 1,970,000	\$ -	\$ (20,000)	\$ 1,950,000	\$ 35,000
Unamortized Premium	116,424	-	(3,881)	112,543	3,881
Total Business-Type Activities	<u><u>\$ 2,086,424</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (23,881)</u></u>	<u><u>\$ 2,062,543</u></u>	<u><u>\$ 38,881</u></u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 7 – LONG-TERM DEBT (Continued)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2017, including interest payments, are as follows:

<u>September 30,</u>	Governmental Activities		
	Principal	Interest	Total
2018	\$ 475,000	\$ 203,810	\$ 678,810
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
2023-2027	2,520,000	637,308	3,157,308
2028-2032	2,845,000	267,039	3,112,039
Total	\$ 7,660,000	\$ 1,822,058	\$ 9,482,058

<u>September 30,</u>	Business-Type Activities		
	Principal	Interest	Total
2018	\$ 35,000	\$ 68,113	\$ 103,113
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
2023-2027	265,000	266,450	531,450
2028-2032	310,000	217,837	527,837
2033-2037	360,000	164,212	524,212
2038-2042	420,000	102,137	522,137
2043-2046	390,000	30,781	420,781
Total	\$ 1,950,000	\$ 1,102,731	\$ 3,052,731

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM

Texas Municipal Retirement System

A. Plan Description

The City participates as one of 872 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.tmr.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.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	91
Inactive Employees Entitled to but Not Yet Receiving Benefits	56
Active employees	99
	<hr/> <hr/> <u>246</u>

C. Contributions

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

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas Municipal Retirement System (Continued)

C. Contributions (Continued)

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 13.98% and 12.92% for calendar years 2016 and 2017 respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$725,036, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2015 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. 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.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas Municipal Retirement System (Continued)

E. Actuarial Assumptions (Continued)

These actuarial assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
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%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
	<u>100.00%</u>	

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.

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas Municipal Retirement System (Continued)

G. Changes in Net Pension Liability (Asset)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 37,910,046	\$ 34,196,445	\$ 3,713,601
Changes for the year:			
Service Cost	747,641	-	747,641
Interest	2,513,302	-	2,513,302
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	109,583	-	109,583
Changes of Assumptions	-	-	-
Contributions - Employer	-	702,892	(702,892)
Contributions - Employee	-	301,671	(301,671)
Net Investment Income	-	2,310,877	(2,310,877)
Benefit Payments, Including Refunds of Employee Contributions	(2,099,537)	(2,099,537)	-
Administrative Expense	-	(26,101)	26,101
Other Changes	-	(1,406)	1,406
Net Changes	1,270,989	1,188,396	82,593
Balance at December 31, 2016	\$ 39,181,035	\$ 35,384,841	\$ 3,796,194

	2015	2016
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.20%	90.31%
Covered Employee Payroll	\$ 5,194,294	\$ 5,027,846
Net Pension Liability as a Percentage of Covered Payroll	71.49%	75.50%

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	\$ 9,050,923	\$ 3,796,194	\$ (532,240)

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Texas Municipal Retirement System (Continued)

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, 2017, the City recognized pension expense of \$893,848.

At September 30, 2017, 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
	<u> </u>	<u> </u>
Differences between Expected and Actual Economic Experience	\$ -	\$ 535,588
Changes in Actuarial Assumptions	78,294	-
Differences Between Projected and Actual Investment Earnings	1,585,868	-
Contributions Subsequent to the Measurement Date	521,835	-
	<u>\$ 2,185,997</u>	<u>\$ 535,588</u>

The City reported \$521,835 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2016) will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. 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,	
2017	\$ 216,044
2018	394,488
2019	465,848
2020	4,194
2021	-
Thereafter	-
	<u>\$ 1,080,574</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (Continued)

Texas Municipal Retirement System (Continued)

J. Supplemental Death Benefits Fund

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

K. Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit" or OPEB.

L. Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2017, 2016, and 2015 were \$10,436, \$10,576, and \$10,339, respectively, which equaled the required contributions each year.

NOTE 9: FUND BALANCE

Fund Balances:

Nonspendable:					
Inventory	12,025	-	-	-	12,025
Prepaid Items	40,625	-	-	2,095	42,720
Restricted for:					
Public Education Grants	179,891	-	-	-	179,891
Park Bucks	1,845	-	-	-	1,845
Debt Service	-	339,875	-	-	339,875
Economic Development Corporation	315,593	-	-	-	315,593
Other	-	-	1,247,292	915,424	2,162,716
Committed for Disaster Emergencies	1,000,000	-	-	-	1,000,000
Assigned for:					
Tree Mitigation and Replacement	25,875	-	-	-	25,875
Economic Development	54,825	-	-	-	54,825
Community and Conference Center	-	-	-	-	-
Unassigned	3,508,662	-	-	-	3,508,662
<i>Total Fund Balances</i>	<u>5,139,341</u>	<u>339,875</u>	<u>1,247,292</u>	<u>917,519</u>	<u>7,644,027</u>

TOTAL LIABILITIES, DEFERRED INFLOWS

OF RESOURCES AND FUND BALANCES	<u>\$ 5,598,448</u>	<u>\$ 375,139</u>	<u>\$ 1,277,655</u>	<u>\$ 983,030</u>	<u>\$ 8,234,272</u>
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CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 10: TAX ABATEMENTS (Continued)

As of September 30, 2017, the City has property and sales tax abatement agreements with one entity. The purpose of the program is to provide loans and grants for the development and diversification of the economy and the elimination of unemployment and diversification of the economy. The authority of the program is Chapter 380 of the Texas Local Government Code (Chapter 380) for the purposes of economic development to promote State and local economic development to stimulate business and commercial activity. The entity was to develop 13.33 acres of land. In return, the agreement allows for a refund of 100% of the Ad Valorem tax revenue and a refund of 100% of the sales tax paid in for a period of ten years. The agreement was signed August 2014 and is effective through 2021. A maximum of \$500,000 will be reimbursed to the entity. The gross amount of property tax abated during the year was \$25,694 and the sales tax reimbursed was \$32,985. Need purpose of program, authority, criteria for eligibility, capture provisions (if any) and recipient commitments (if any). Should the project cease operations, repayment of a percentage of ad valorem tax will be required as follows: Year 1 and 2, three quarters of all base ad valorem tax increments within the first three years that the entity was receiving reimbursement payments; Year 3, half of all base ad valorem tax increments within the first three years that the entity was receiving reimbursement payments; Year 4, one quarter of all base ad valorem tax increments within the first three years that the entity was receiving reimbursement payments. The entity will default if it does not construct the project, remain an authorized business in good standing with the State of Texas, no bankruptcy proceedings, litigation, must comply with all rights, licenses, permits within the city and the State of Texas. The entity must also carry insurance throughout the agreement and not hire any undocumented workers. The criteria for eligibility follow state guidelines and is determined on a case by case basis.

NOTE 11: 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.

NOTE 12: 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	\$ 298,481	\$ 229,991	\$ 68,490
Total Governmental Commitments	<u>298,481</u>	<u>229,991</u>	<u>68,490</u>
<i>Business-Type Activities:</i>			
Water Well Project	1,567,065	1,418,304	148,761
Total Business-Type Activities	<u>1,567,065</u>	<u>1,418,304</u>	<u>148,761</u>
Total Estimated Future Commitments	<u>\$ 1,865,546</u>	<u>\$ 1,648,295</u>	<u>\$ 217,251</u>

CITY OF LEON VALLEY
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017

NOTE 13: 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

NOTE 14: SUBSEQUENT EVENTS

In December of 2017 the City awarded a contract to J3 Company, LLC for the purposes of constructing the Evers Road/Huebner Creek Bridge in the amount of \$2,302,291 with a contingency not to exceed five percent.

NOTE 15: UPCOMING GASB STATEMENTS

GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017.



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 years
- Schedule of Contributions - Last 10 Fiscal Years

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, 2017

	Budgeted Amounts		2017 Actual Amounts	Variance With Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Property Taxes	\$ 3,855,000	\$ 3,855,000	\$ 4,054,609	\$ 199,609	\$ 3,718,246
Sales Taxes	2,258,100	2,258,100	2,651,475	393,375	2,376,173
Franchise Taxes	978,334	978,334	1,104,166	125,832	983,728
Licenses and Permits	229,970	229,970	308,806	78,836	252,261
Charges for Service	295,420	295,420	257,107	(38,313)	251,702
Fines and Forfeitures	428,000	428,000	430,852	2,852	454,373
Grants	19,550	19,550	159,303	139,753	4,550
Investment Earnings	9,000	9,000	43,701	34,701	14,915
Miscellaneous	193,806	193,806	687,720	493,914	401,279
TOTAL REVENUES	8,267,180	8,267,180	9,697,739	1,430,559	8,457,227
EXPENDITURES					
Administration:					
<i>Business Office:</i>					
Personnel Services	61,066	64,110	62,181	1,929	91,471
Supplies	9,400	9,400	19,567	(10,167)	9,669
Contracted Services	50,652	50,652	54,275	(3,623)	53,461
Capital Outlay	11,980	11,980	-	11,980	-
<i>Total Business Office</i>	133,098	136,142	136,023	119	154,601
<i>Finance and Accounting:</i>					
Personnel Services	158,983	165,941	153,361	12,580	149,011
Supplies	6,900	6,900	7,692	(792)	3,378
Contracted Services	82,575	82,575	67,342	15,233	57,405
Capital Outlay	-	-	-	-	-
<i>Total Finance and Accounting</i>	248,458	255,416	228,395	27,021	209,794
<i>Council and Manager:</i>					
Personnel Services	409,565	336,114	308,592	27,522	350,354
Supplies	26,800	26,800	29,518	(2,718)	148,754
Contracted Services	157,345	157,345	170,705	(13,360)	160,551
Capital Outlay	51,375	551,375	541,534	9,841	64,311
<i>Total Council and Manager</i>	645,085	1,071,634	1,050,349	21,285	723,970
Total Administration	\$ 1,026,641	\$ 1,463,192	\$ 1,414,767	\$ 48,425	\$ 1,088,365

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, 2017

	Budgeted Amounts		2017 Actual Amounts	Variance With Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Public Safety					
<i>Law Enforcement Administration:</i>					
Personnel Services	\$ 186,225	\$ 193,575	\$ 248,086	\$ (54,511)	\$ 197,830
Supplies	4,500	4,600	8,547	(3,947)	13,811
Contracted Services	26,502	27,702	32,106	(4,404)	16,225
Capital Outlay	-	-	-	-	-
<i>Total Law Enforcement Administration</i>	<u>217,227</u>	<u>225,877</u>	<u>288,739</u>	<u>(62,862)</u>	<u>227,866</u>
<i>Law Enforcement Patrol:</i>					
Personnel Services	1,210,961	1,280,394	1,204,307	76,087	1,120,586
Supplies	76,500	76,500	76,181	319	63,258
Contracted Services	32,520	32,920	43,025	(10,105)	27,188
Capital Outlay	-	-	-	-	-
<i>Total Law Enforcement Patrol</i>	<u>1,319,981</u>	<u>1,389,814</u>	<u>1,323,513</u>	<u>66,301</u>	<u>1,211,032</u>
<i>Law Enforcement Investigations:</i>					
Personnel Services	246,696	246,696	236,003	10,693	164,303
Supplies	2,500	2,500	1,433	1,067	4,588
Contracted Services	6,760	6,760	10,576	(3,816)	1,853
Capital Outlay	-	-	-	-	-
<i>Total Law Enforcement Investigations</i>	<u>255,956</u>	<u>255,956</u>	<u>248,012</u>	<u>7,944</u>	<u>170,744</u>
<i>Law Enforcement Narcotics</i>					
Personnel Services	153,523	161,690	146,712	14,978	141,298
Supplies	-	-	-	-	-
Contracted Services	240	240	143	97	132
Capital Outlay	-	-	-	-	-
<i>Total Law Enforcement Narcotics</i>	<u>\$ 153,763</u>	<u>\$ 161,930</u>	<u>\$ 146,855</u>	<u>\$ 15,075</u>	<u>\$ 141,430</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, 2017

	Budgeted Amounts		2017 Actual Amounts	Variance With Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
Public Safety (Cont.)					
<i>Fire Protection Administration:</i>					
Personnel Services	\$ 312,739	\$ 351,729	\$ 347,982	\$ 3,747	\$ 231,448
Supplies	5,914	5,914	6,312	(398)	5,369
Contracted Services	41,992	41,992	43,824	(1,832)	50,282
Capital Outlay	28,500	38,679	43,016	(4,337)	45,476
<i>Total Fire Protection Administration</i>	<u>389,145</u>	<u>438,314</u>	<u>441,134</u>	<u>(2,820)</u>	<u>332,575</u>
<i>Fire Protection Operations:</i>					
Personnel Services	1,818,641	1,838,687	1,770,007	68,680	1,704,375
Supplies	32,495	32,495	47,488	(14,993)	42,852
Contracted Services	69,540	69,540	70,314	(774)	85,297
Capital Outlay	10,390	10,390	-	10,390	522,629
<i>Total Fire Protection Operations</i>	<u>1,931,066</u>	<u>1,951,112</u>	<u>1,887,809</u>	<u>63,303</u>	<u>2,355,153</u>
<i>Emergency Medical Services:</i>					
Personnel Services	-	-	-	-	-
Supplies	42,195	46,418	58,903	(12,485)	40,090
Contracted Services	57,316	57,316	55,486	1,830	53,657
Capital Outlay	-	-	-	-	-
<i>Total Emergency Medical Services</i>	<u>99,511</u>	<u>103,734</u>	<u>114,389</u>	<u>(10,655)</u>	<u>93,747</u>
Total Public Safety	<u>4,366,649</u>	<u>4,526,737</u>	<u>4,450,451</u>	<u>76,286</u>	<u>4,532,547</u>
Public Works:					
Personnel Services	937,352	939,567	763,285	176,282	685,638
Supplies	215,500	215,500	224,712	(9,212)	182,976
Contracted Services	220,620	268,856	386,635	(117,779)	304,100
Capital Outlay	535,249	695,879	406,678	289,201	183,765
Total Public Works	<u>1,908,721</u>	<u>2,119,802</u>	<u>1,781,310</u>	<u>338,492</u>	<u>1,356,479</u>
Parks and Recreation:					
Personnel Services	82,093	82,093	23,145	58,948	42,460
Supplies	30,500	30,500	19,417	11,083	21,338
Contracted Services	99,982	219,083	281,817	(62,734)	134,631
Capital Outlay	46,000	46,000	-	46,000	-
Total Parks and Recreation	<u>\$ 258,575</u>	<u>\$ 377,676</u>	<u>\$ 324,379</u>	<u>\$ 53,297</u>	<u>\$ 198,429</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, 2017

	Budgeted Amounts		2017	Variance With	2016
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)	Actual
Library:					
Personnel Services	\$ 281,372	\$ 287,517	\$ 279,281	8,236	\$ 269,133
Supplies	25,114	32,614	41,907	(9,293)	39,890
Contracted Services	46,414	46,414	38,835	7,579	37,759
Capital Outlay	12,700	12,700	-	12,700	-
Total Library	365,600	379,245	360,023	19,222	346,782
Communications:					
Personnel Services	148,898	148,898	138,054	10,844	192,837
Supplies	3,500	3,500	3,825	(325)	3,894
Contracted Services	178,184	178,184	180,848	(2,664)	152,062
Capital Outlay	23,053	23,053	23,053	-	-
Total Communications	353,635	353,635	345,780	7,855	348,793
Development Activities:					
<i>Community Development/ Events:</i>					
Personnel Services	165,957	165,957	120,409	45,548	103,991
Supplies	4,900	4,900	6,023	(1,123)	3,618
Contracted Services	91,763	91,763	131,885	(40,122)	110,483
Capital Outlay	-	-	-	-	-
<i>Total Community Development/ Events</i>	262,620	262,620	258,317	4,303	218,092
<i>Special Events:</i>					
Personnel Services	19,757	19,757	15,296	4,461	14,162
Supplies	61,350	107,822	110,463	(2,641)	111,942
Contracted Services	-	-	-	-	5,000
Capital Outlay	-	-	-	-	-
<i>Total Special Events</i>	81,107	127,579	125,759	1,820	131,104
<i>Economic Development:</i>					
Personnel Services	54,146	54,146	55,869	(1,723)	84,583
Supplies	4,000	4,000	3,725	275	3,008
Contracted Services	83,140	161,492	99,383	62,109	37,060
Capital Outlay	-	-	-	-	-
<i>Total Economic Development</i>	141,286	219,638	158,977	60,661	124,651
Total Development Activities	485,013	609,837	543,053	66,784	473,847
Total Expenditures	8,764,834	9,830,124	9,219,763	610,361	8,345,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (497,654)	\$ (1,562,944)	\$ 477,976	\$ 2,040,920	\$ 111,985

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, 2017

OTHER FINANCING SOURCES (USES)					
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ 690,203
Transfers Out	-	-	-	-	(17,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>673,203</u>
Net Change in Fund Balance	(497,654)	(1,562,944)	477,976	2,040,920	785,188
Fund Balances, Beginning	<u>4,661,365</u>	<u>4,661,365</u>	<u>4,661,365</u>	<u>-</u>	<u>3,876,177</u>
Fund Balances, Ending	<u>\$ 4,163,711</u>	<u>\$ 3,098,421</u>	<u>\$ 5,139,341</u>	<u>\$ 2,040,920</u>	<u>\$ 4,661,365</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, 2017

	Budgeted Amounts		2017 Actual Amounts	Variance With Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Sales Taxes	\$ 562,818	\$ 562,818	\$ 580,223	\$ 17,405	\$ 583,543
Investment Earnings	500	500	6,545	6,045	1,003
Miscellaneous	60,000	60,000	-	(60,000)	37,766
TOTAL REVENUES	623,318	623,318	586,768	(36,550)	622,312
EXPENDITURES					
<i>Current:</i>					
Public Works	1,242,023	1,242,023	434,537	807,486	174,124
TOTAL EXPENDITURES	1,242,023	1,242,023	434,537	807,486	174,124
Net Change in Fund Balance	(618,705)	(618,705)	152,231	(770,936)	448,188
FUND BALANCE - BEGINNING	1,095,061	1,095,061	1,095,061	-	646,873
FUND BALANCE - ENDING	\$ 476,356	\$ 476,356	\$ 1,247,292	\$ (770,936)	\$ 1,095,061

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

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the third 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*

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 779,557	738,640	735,472
Contributions in Relation to the Actuarially Determined Contribution	<u>779,557</u>	<u>738,640</u>	<u>735,472</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll	 \$ 4,923,162	 \$ 5,036,278	 \$ 5,492,470
 Contributions as a Percentage of Covered Employee Payroll	 15.83%	 14.67%	 13.39%

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

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 femal rates multiplied by 103% and projected on a fully generational basis with scale BB.

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, 2017

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.

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.
- **CIED Fund** - Accounts for CPS Energy collections to be used for ongoing City operations.

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 FUND
 SEPTEMBER 30, 2017

	Special Revenue Funds			
	Community Center	Grants	Crime Control and Prevention District	Child Safety
ASSETS				
Cash and Cash Equivalents	\$ 114,847	\$ 1,147	\$ 91,585	\$ 14,121
Investments	71	-	151,036	-
Accounts Receivable, Net of Allowance				
Other	25,370	-	-	2,068
Due from Other Governments	-	-	52,661	-
Prepaid Items	271	-	1,185	-
TOTAL ASSETS	\$ 140,559	\$ 1,147	\$ 296,467	\$ 16,189
LIABILITIES AND FUND BALANCE				
<i>Liabilities:</i>				
Accounts Payable	\$ 5,037	\$ -	\$ -	\$ -
Accrued Expenditures	206	-	4,638	457
Deposits Payable	39,887	-	-	-
<i>Total Liabilities</i>	<u>45,130</u>	<u>-</u>	<u>4,638</u>	<u>457</u>
<i>Fund Balance:</i>				
Nonspendable	271	-	1,185	-
Restricted	95,158	1,147	290,644	15,732
<i>Total Fund Balances</i>	<u>95,429</u>	<u>1,147</u>	<u>291,829</u>	<u>15,732</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 140,559	\$ 1,147	\$ 296,467	\$ 16,189

Special Revenue Funds				
State Police Forefiture	Federal Police Forfeitures	Building Security	Court Technology	Total Nonmajor Governmental Funds
\$ 6,586	\$ 23,168	\$ 1,832	\$ 13,656	\$ 266,942
-	411,390	-	-	562,497
-	71,397	-	-	98,835
-	-	-	-	52,661
-	592	47	-	2,095
<u>\$ 6,586</u>	<u>\$ 506,547</u>	<u>\$ 1,879</u>	<u>\$ 13,656</u>	<u>\$ 983,030</u>
\$ -	\$ 14,187	\$ -	\$ -	\$ 19,224
-	881	218	-	6,400
-	-	-	-	39,887
-	<u>15,068</u>	<u>218</u>	-	<u>65,511</u>
-	592	47	-	2,095
<u>6,586</u>	<u>490,887</u>	<u>1,614</u>	<u>13,656</u>	<u>915,424</u>
<u>6,586</u>	<u>491,479</u>	<u>1,661</u>	<u>13,656</u>	<u>917,519</u>
<u>\$ 6,586</u>	<u>\$ 506,547</u>	<u>\$ 1,879</u>	<u>\$ 13,656</u>	<u>\$ 983,030</u>

CITY OF LEON VALLEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Funds			
	Community Center	Grants	Crime Control and Prevention District	Child Safety
REVENUES				
Sales Taxes	\$ -	\$ -	\$ 285,592	\$ -
Occupancy Taxes	80,600	-	-	-
Fines and Forfeitures	-	-	-	14,743
Grants	-	2,773	-	-
Rent	76,357	-	-	-
Investment Earnings	-	-	1,036	-
Miscellaneous	2,381	-	-	-
TOTAL REVENUES	<u>159,338</u>	<u>2,773</u>	<u>286,628</u>	<u>14,743</u>
EXPENDITURES				
Current:				
Administration	-	-	-	-
Public Safety	-	2,925	290,508	13,160
Development Activities	156,289	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>156,289</u>	<u>2,925</u>	<u>290,508</u>	<u>13,160</u>
Net Change in Fund Balance	3,049	(152)	(3,880)	1,583
Fund Balances, Beginning	<u>92,380</u>	<u>1,299</u>	<u>295,709</u>	<u>14,149</u>
Fund Balances, Ending	<u>\$ 95,429</u>	<u>\$ 1,147</u>	<u>\$ 291,829</u>	<u>\$ 15,732</u>

Special Revenue Funds				
State Police Forfeiture	Federal Police Forfeiture	Building Security	Court Technology	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	285,592
-	-	-	-	80,600
-	909,466	8,029	10,692	942,930
-	71,397	-	-	74,170
-	-	-	-	76,357
-	4,179	-	-	5,215
-	-	-	-	2,381
<u>-</u>	<u>985,042</u>	<u>8,029</u>	<u>10,692</u>	<u>1,467,245</u>
-	-	-	4,827	4,827
-	452,245	13,133	-	771,971
-	-	-	-	156,289
-	327,162	-	-	327,162
<u>-</u>	<u>779,407</u>	<u>13,133</u>	<u>4,827</u>	<u>1,260,249</u>
-	205,635	(5,104)	5,865	206,996
<u>6,586</u>	<u>285,844</u>	<u>6,765</u>	<u>7,791</u>	<u>710,523</u>
<u>\$ 6,586</u>	<u>\$ 491,479</u>	<u>\$ 1,661</u>	<u>\$ 13,656</u>	<u>\$ 917,519</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Occupancy Taxes	\$ 88,000	\$ 88,000	\$ 80,600	\$ (7,400)	\$ 89,170
Rent	81,000	81,000	76,357	(4,643)	67,691
Miscellaneous	-	-	2,381	2,381	-
TOTAL REVENUES	<u>169,000</u>	<u>169,000</u>	<u>159,338</u>	<u>(9,662)</u>	<u>156,861</u>
EXPENDITURES					
Current:					
Development Activities	157,997	157,997	156,289	1,708	168,072
Capital Outlay	11,500	11,500	-	11,500	7,846
TOTAL EXPENDITURES	<u>169,497</u>	<u>169,497</u>	<u>156,289</u>	<u>13,208</u>	<u>175,918</u>
Net Change in Fund Balance	(497)	(497)	3,049	3,546	(19,057)
FUND BALANCE, BEGINNING	<u>92,380</u>	<u>92,380</u>	<u>92,380</u>	-	<u>111,437</u>
FUND BALANCE, ENDING	<u>\$ 91,883</u>	<u>\$ 91,883</u>	<u>\$ 95,429</u>	<u>\$ 3,546</u>	<u>\$ 92,380</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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Grants	\$ 2,924	\$ 2,924	\$ 2,773	\$ (151)	\$ 2,844
TOTAL REVENUES	<u>2,924</u>	<u>2,924</u>	<u>2,773</u>	<u>(151)</u>	<u>2,844</u>
EXPENDITURES					
Current:					
Public Safety	2,924	2,924	2,925	(1)	2,066
TOTAL EXPENDITURES	<u>2,924</u>	<u>2,924</u>	<u>2,925</u>	<u>(1)</u>	<u>2,066</u>
Net Change in Fund Balance	-	-	(152)	(150)	778
FUND BALANCE, BEGINNING	<u>1,299</u>	<u>1,299</u>	<u>1,299</u>	-	<u>521</u>
FUND BALANCE, ENDING	<u>\$ 1,299</u>	<u>\$ 1,299</u>	<u>\$ 1,147</u>	<u>\$ (150)</u>	<u>\$ 1,299</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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Sales Tax	\$ 272,690	\$ 272,690	\$ 285,592	\$ 12,902	\$ 284,994
Investment Earnings	-	-	1,036	1,036	-
TOTAL REVENUES	<u>272,690</u>	<u>272,690</u>	<u>286,628</u>	<u>13,938</u>	<u>284,994</u>
EXPENDITURES					
Current:					
Public Safety	<u>271,571</u>	<u>323,967</u>	<u>290,508</u>	<u>33,459</u>	<u>238,568</u>
TOTAL EXPENDITURES	<u>271,571</u>	<u>323,967</u>	<u>290,508</u>	<u>33,459</u>	<u>238,568</u>
Net Change in Fund Balance	1,119	(51,277)	(3,880)	47,397	46,426
FUND BALANCE, BEGINNING	<u>295,709</u>	<u>295,709</u>	<u>295,709</u>	-	<u>249,283</u>
FUND BALANCE, ENDING	<u>\$ 296,828</u>	<u>\$ 244,432</u>	<u>\$ 291,829</u>	<u>\$ 47,397</u>	<u>\$ 295,709</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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 13,500	\$ 13,500	\$ 14,743	\$ 1,243	\$ 14,491
TOTAL REVENUES	<u>13,500</u>	<u>13,500</u>	<u>14,743</u>	<u>1,243</u>	<u>14,491</u>
EXPENDITURES					
Current:					
Public Safety	14,714	14,714	13,160	1,554	12,909
TOTAL EXPENDITURES	<u>14,714</u>	<u>14,714</u>	<u>13,160</u>	<u>1,554</u>	<u>12,909</u>
Net Change in Fund Balance	(1,214)	(1,214)	1,583	2,797	1,582
FUND BALANCE, BEGINNING	<u>14,149</u>	<u>14,149</u>	<u>14,149</u>	-	<u>12,567</u>
FUND BALANCE, ENDING	<u>\$ 12,935</u>	<u>\$ 12,935</u>	<u>\$ 15,732</u>	<u>\$ 2,797</u>	<u>\$ 14,149</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
STATE FORFEITURE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 11,511
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,511</u>
EXPENDITURES					
Current:					
Public Safety	-	-	-	-	8,390
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,390</u>
Net Change in Fund Balance	-	-	-	-	3,121
FUND BALANCE, BEGINNING	<u>6,586</u>	<u>6,586</u>	<u>6,586</u>	-	<u>3,465</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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ -	\$ -	\$ 909,466	\$ 909,466	\$ 141,219
Grants	-	-	71,397	71,397	-
Interest	-	-	4,179	4,179	683
Miscellaneous	-	-	-	-	11,388
TOTAL REVENUES	-	-	985,042	985,042	153,290
EXPENDITURES					
Current:					
Public Safety	55,411	512,374	452,245	60,129	71,947
Capital Outlay	19,905	332,805	327,162	5,643	133,012
TOTAL EXPENDITURES	75,316	845,179	779,407	65,772	204,959
Net Change in Fund Balance	(75,316)	(845,179)	205,635	1,050,814	(51,669)
FUND BALANCE, BEGINNING	285,844	285,844	285,844	-	337,513
FUND BALANCE, ENDING	\$ 210,528	\$ (559,335)	\$ 491,479	\$ 1,050,814	\$ 285,844

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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 9,500	\$ 9,500	\$ 8,029	\$ (1,471)	\$ 10,082
TOTAL REVENUES	<u>9,500</u>	<u>9,500</u>	<u>8,029</u>	<u>(1,471)</u>	<u>10,082</u>
EXPENDITURES					
Current:					
Public Safety	12,920	12,920	13,133	(213)	21,798
TOTAL EXPENDITURES	<u>12,920</u>	<u>12,920</u>	<u>13,133</u>	<u>(213)</u>	<u>21,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,420)</u>	<u>(3,420)</u>	<u>(5,104)</u>	<u>(1,684)</u>	<u>(11,716)</u>
OTHER SOURCES (USES)					
Transfers In	-	-	-	-	17,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,000</u>
Net Change in Fund Balance	(3,420)	(3,420)	(5,104)	(1,684)	5,284
FUND BALANCE, BEGINNING	<u>6,765</u>	<u>6,765</u>	<u>6,765</u>	<u>-</u>	<u>1,481</u>
FUND BALANCE, ENDING	<u>\$ 3,345</u>	<u>\$ 3,345</u>	<u>\$ 1,661</u>	<u>\$ (1,684)</u>	<u>\$ 6,765</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, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Fines and Forfeitures	\$ 11,000	\$ 11,000	\$ 10,692	\$ (308)	\$ 13,403
TOTAL REVENUES	<u>11,000</u>	<u>11,000</u>	<u>10,692</u>	<u>(308)</u>	<u>13,403</u>
EXPENDITURES					
Current:					
Administration	16,308	16,308	4,827	11,481	11,420
TOTAL EXPENDITURES	<u>16,308</u>	<u>16,308</u>	<u>4,827</u>	<u>11,481</u>	<u>11,420</u>
Net Change in Fund Balance	(5,308)	(5,308)	5,865	(11,789)	1,983
FUND BALANCE, BEGINNING	<u>7,791</u>	<u>7,791</u>	<u>7,791</u>	<u>-</u>	<u>5,808</u>
FUND BALANCE, ENDING	<u>\$ 2,483</u>	<u>\$ 2,483</u>	<u>\$ 13,656</u>	<u>\$ (11,789)</u>	<u>\$ 7,791</u>

CITY OF LEON VALLEY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
CIED FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE ACTUAL TOTALS FOR 2016)

	Budgeted Amounts		2017 Actual Amounts	Variance with Final Budget- Positive (Negative)	2016 Actual Amounts
	Original	Final			
REVENUES					
Interest	\$ -	\$ -	\$ -	\$ -	\$ 190
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190</u>
EXPENDITURES					
Current:					
Administration	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190</u>
OTHER FINANCING SOURCES (USES)					
Transfers Out	-	-	-	-	(665,032)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(665,032)</u>
Net Change in Fund Balance	-	-	-	-	(664,842)
FUND BALANCE, BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>664,842</u>
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LEON VALLEY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL
 DEBT SERVICE
 YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		2017 Actual Amounts	Variance With Final Budget - Positive (Negative)	2016 Actual
	Original	Final			
REVENUES					
Property Taxes	\$ 681,756	\$ 681,756	\$ 700,853	\$ 19,097	\$ 714,161
TOTAL REVENUES	<u>681,756</u>	<u>681,756</u>	<u>700,853</u>	<u>19,097</u>	<u>714,161</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	480,000	480,000	460,000	20,000	445,000
Interest and Fiscal Charges	308,897	308,897	222,255	86,642	235,370
TOTAL EXPENDITURES	<u>788,897</u>	<u>788,897</u>	<u>682,255</u>	<u>106,642</u>	<u>680,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(107,141)</u>	<u>(107,141)</u>	<u>18,598</u>	<u>125,739</u>	<u>33,791</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	107,141	107,141	750	(106,391)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>107,141</u>	<u>107,141</u>	<u>750</u>	<u>(106,391)</u>	<u>-</u>
Net Change in Fund Balance	-	-	19,348	19,348	33,791
FUND BALANCE - BEGINNING	<u>320,527</u>	<u>320,527</u>	<u>320,527</u>	-	<u>286,736</u>
FUND BALANCE - ENDING	<u>\$ 320,527</u>	<u>\$ 320,527</u>	<u>\$ 339,875</u>	<u>\$ 19,348</u>	<u>\$ 320,527</u>

CITY OF LEON VALLEY
BALANCE SHEET – COMPONENT UNIT
SEPTEMBER 30, 2017

	<u>Component Unit</u> Leon Valley Economic Development Corporation
ASSETS	<u>\$ -</u>
LIABILITIES AND FUND BALANCE	
<i>Liabilities:</i>	\$ -
<i>Fund Balance:</i>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>

CITY OF LEON VALLEY
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 COMPONENT UNIT
 YEAR ENDED SEPTEMBER 30, 2017

	Component Unit
	Leon Valley Economic Development Corporation
REVENUES	
Sales Taxes	\$ -
Investment Earnings	-
Miscellaneous Revenue	-
TOTAL REVENUES	-
EXPENDITURES	
Current:	
Administration	114,809
TOTAL EXPENDITURES	114,809
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,809)
OTHER FINANCING SOURCES (USES)	
Transfers Out to Primary Government	(235,357)
TOTAL OTHER FINANCING SOURCES (USES)	(235,357)
Net Change in Fund Balance	(350,166)
Fund Balance at Beginning of Year	350,166
Fund Balance at End of Year	\$ -



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
Total Water and Sewer Consumption and Rates
Principal Water and Sewer Consumers
Assessed Value and Estimated Actual Value of Taxable Property
Direct and Overlapping Property Tax Rates
Principal Property Taxpayers
Property Tax Levies and Collections
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			
	2008	2009	2010	2011
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 5,926,527	\$ 6,147,970	\$ 6,213,549	\$ 5,639,798
Restricted	264,984	193,145	132,581	101,101
Unrestricted	3,644,114	3,707,802	4,180,108	4,686,001
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 9,835,625</u>	<u>\$ 10,048,917</u>	<u>\$ 10,526,238</u>	<u>\$ 10,426,900</u>
<i>Business-Type Activities</i>				
Net Investment in Capital Assets	\$ 3,645,700	\$ 3,635,029	\$ 3,897,305	\$ 4,138,854
Restricted	183,614	323,508	339,733	568,056
Unrestricted	1,699,540	1,982,058	2,147,223	2,137,671
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 5,528,854</u>	<u>\$ 5,940,595</u>	<u>\$ 6,384,261</u>	<u>\$ 6,844,581</u>
<i>Primary Government</i>				
Net Investment in Capital Assets	\$ 9,572,227	\$ 9,782,999	\$ 10,110,854	\$ 9,778,652
Restricted	448,598	516,653	472,314	669,157
Unrestricted	5,343,654	5,689,860	6,327,331	6,823,672
<i>Total Primary Government Net Position</i>	<u>\$ 15,364,479</u>	<u>\$ 15,989,512</u>	<u>\$ 16,910,499</u>	<u>\$ 17,271,481</u>

Note – GASB Statement No. 68 has been prospectively implemented in year-end 2015.

TABLE 1

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 5,934,633	\$ 6,374,117	\$ 7,414,439	\$ 7,696,092	\$ 8,324,593	\$ 9,534,380
101,677	157,074	90,494	1,657,517	2,186,825	2,999,981
4,708,814	6,496,088	6,167,021	2,656,933	2,696,144	2,342,091
<u>\$ 10,745,124</u>	<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>
\$ 3,998,041	\$ 3,867,460	\$ 4,057,126	\$ 4,113,942	\$ 4,367,353	\$ 4,049,170
762,316	1,066,500	993,268	908,705	1,042,946	1,279,204
1,966,216	1,829,758	1,873,123	1,533,589	1,205,378	2,179,050
<u>\$ 6,726,573</u>	<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>
\$ 9,932,674	\$ 10,241,577	\$ 11,471,565	\$ 11,810,034	\$ 12,691,946	\$ 13,583,550
863,993	1,223,574	1,083,762	2,566,222	3,229,771	4,279,185
6,675,030	8,325,846	8,040,144	4,190,522	3,901,522	4,521,141
<u>\$ 17,471,697</u>	<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>

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
<i>Governmental Activities</i>				
Administration	\$ 779,729	\$ 805,391	\$ 940,156	\$ 849,230
Public Safety	4,193,145	4,439,516	4,525,947	4,502,741
Public Works	1,163,379	1,535,333	1,624,573	1,715,642
Parks and Recreation	128,203	100,777	144,742	135,728
Library	249,227	281,725	274,701	264,260
Communications	-	-	-	-
Community Development	583,206	680,352	664,712	666,326
Interest and Fiscal Agent Fees	154,669	187,862	122,184	117,639
<i>Total Governmental Activities Expenses</i>	<u>7,251,558</u>	<u>8,030,956</u>	<u>8,297,015</u>	<u>8,251,566</u>
<i>Business-Type Activities</i>				
Water/Wastewater Utilities	2,367,414	2,357,800	2,631,544	2,796,812
<i>Total Business-Type Activities</i>	<u>2,367,414</u>	<u>2,357,800</u>	<u>2,631,544</u>	<u>2,796,812</u>
Total Primary Government Expenses	<u><u>\$ 9,618,972</u></u>	<u><u>\$ 10,388,756</u></u>	<u><u>\$ 10,928,559</u></u>	<u><u>\$ 11,048,378</u></u>
Program Revenues				
<i>Governmental Activities</i>				
Charges for Service:				
Administration	\$ 171,923	\$ 333,606	\$ 330,541	\$ 288,791
Public Safety	1,566,669	1,265,691	1,589,362	1,082,149
Parks and Recreation	12,375	12,145	15,010	16,790
Library	2,936	2,358	1,987	3,102
Community Development	112,260	133,177	97,399	118,723
Operating Grants and Contributions	-	127,151	9,953	49,602
Capital Grants and Contributions	-	59,499	218,790	81,683
<i>Total Governmental Activities Program Revenues</i>	<u>1,866,163</u>	<u>1,933,627</u>	<u>2,263,042</u>	<u>1,640,840</u>
<i>Business-Type Activities</i>				
Charges for Service:				
Water/Wastewater Utilities	2,508,220	2,638,172	2,840,701	3,115,598
Operating Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>2,508,220</u>	<u>2,638,172</u>	<u>2,840,701</u>	<u>3,115,598</u>
Total Primary Government Program Revenues	<u><u>\$ 4,374,383</u></u>	<u><u>\$ 4,571,799</u></u>	<u><u>\$ 5,103,743</u></u>	<u><u>\$ 4,756,438</u></u>

Note – GASB Statement No. 68 has been prospectively implemented in year-end 2015.

TABLE 2

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 764,140	\$ 910,636	\$ 828,573	\$ 983,952	\$ 1,125,550	\$ 1,052,772
4,344,695	4,335,920	4,536,351	4,701,582	4,598,579	5,731,890
1,714,581	1,140,612	1,650,987	2,363,083	1,492,449	1,960,573
117,840	113,792	186,386	169,947	228,169	357,055
322,688	322,587	302,721	320,572	367,252	375,764
-	-	-	-	355,508	322,727
610,394	566,113	641,724	676,880	880,111	753,029
107,645	275,120	248,324	239,237	205,890	228,101
<u>7,981,983</u>	<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>3,218,973</u>	<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>3,218,973</u>	<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>\$ 11,200,956</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>
\$ 595,568	\$ 298,947	\$ 284,034	\$ 258,388	\$ 537,825	\$ 319,498
849,832	833,662	803,036	694,303	724,018	1,620,197
16,186	15,544	15,586	13,850	15,632	-
2,329	1,972	3,490	3,521	4,249	-
119,382	97,193	168,648	166,775	167,074	76,357
117,275	82,626	95,028	240,763	160,001	476,415
-	372,585	-	170,747	37,766	-
<u>1,700,572</u>	<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>
3,039,389	3,291,009	3,275,292	3,481,570	3,683,776	4,589,550
-	-	-	-	-	120,165
<u>3,039,389</u>	<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>\$ 4,739,961</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>

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

	Fiscal Year			
	2008	2009	2010	2011
Net (Expenses)/Revenue				
Governmental Activities	\$ (5,385,395)	\$ (6,097,329)	\$ (6,033,973)	\$ (6,610,726)
Business-Type Activities	140,806	280,372	209,157	318,786
Total Primary Government Net Expenses	<u>\$ (5,244,589)</u>	<u>\$ (5,816,957)</u>	<u>\$ (5,824,816)</u>	<u>\$ (6,291,940)</u>
Governmental Revenues and Other Changes in Net Position				
<i>Governmental Activities</i>				
Taxes:				
Property Taxes	\$ 3,427,337	\$ 3,573,352	\$ 3,552,821	\$ 3,522,321
Sales Taxes	1,835,524	1,979,927	2,141,200	2,179,060
Franchise Taxes	639,332	656,329	677,001	728,548
Occupancy Taxes	92,357	65,688	66,701	74,287
Interest and Investment Earnings	128,903	35,325	8,546	7,172
Miscellaneous	164,229	-	11,025	-
Transfers	-	-	54,000	-
<i>Total Governmental Activities</i>	<u>6,287,682</u>	<u>6,310,621</u>	<u>6,511,294</u>	<u>6,511,388</u>
<i>Business-Type Activities</i>				
Interest and Investment Earnings	44,841	14,634	4,444	3,827
Miscellaneous	53,137	32,953	44,575	56,453
Impact Fees	35,504	83,782	239,490	81,254
Transfers	-	-	(54,000)	-
<i>Total Business-Type Activities</i>	<u>133,482</u>	<u>131,369</u>	<u>234,509</u>	<u>141,534</u>
Total Primary Government	<u>\$ 6,421,164</u>	<u>\$ 6,441,990</u>	<u>\$ 6,745,803</u>	<u>\$ 6,652,922</u>
Changes In Net Position				
Government Activities	\$ 902,287	\$ 213,292	\$ 477,321	\$ (99,338)
Business-Type Activities	274,288	411,741	443,666	460,320
Total Primary Government	<u>\$ 1,176,575</u>	<u>\$ 625,033</u>	<u>\$ 920,987</u>	<u>\$ 360,982</u>

TABLE 2 (Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (6,281,411)	\$ (5,962,251)	\$ (7,025,244)	\$ (7,906,906)	\$ (7,606,943)	\$ (8,289,444)
(179,584)	8,235	(90,480)	49	(68,746)	808,370
<u>\$ (6,460,995)</u>	<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>
\$ 3,550,430	\$ 3,834,233	\$ 4,021,701	\$ 4,122,721	\$ 4,440,697	\$ 4,752,901
2,245,560	3,592,293	2,918,244	3,058,953	3,177,019	3,517,289
708,434	701,468	895,174	974,361	1,072,898	1,104,166
82,409	83,470	91,125	86,661	67,691	80,600
6,795	12,804	4,277	4,678	17,663	55,460
6,007	20,138	26,879	21,896	27,995	447,168
-	-	20,000	70,000	-	750
<u>6,599,635</u>	<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>
3,374	2,579	889	1,270	11,987	74,303
35,609	5,914	144,390	84,682	116,200	9,824
22,593	20,417	-	-	-	-
-	-	(20,000)	(70,000)	-	(750)
<u>61,576</u>	<u>28,910</u>	<u>125,279</u>	<u>15,952</u>	<u>128,187</u>	<u>83,377</u>
<u>\$ 6,661,211</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>
\$ 318,224	\$ 2,282,155	\$ 952,156	\$ 432,364	\$ 1,197,020	\$ 1,668,890
(118,008)	37,145	34,799	16,001	59,441	891,747
<u>\$ 200,216</u>	<u>\$ 2,319,300</u>	<u>\$ 986,955</u>	<u>\$ 448,365</u>	<u>\$ 1,256,461</u>	<u>\$ 2,560,637</u>

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

	Fiscal Year			
	2008	2009	2010	2011
<i>General Fund:</i>				
Reserved	\$ 163,442	\$ 192,916	\$ 132,581	\$ -
Unreserved	2,713,567	3,930,887	3,066,450	-
Nonspendable				50,745
Restricted				49,551
Committed				800,000
Assigned				56,642
Unassigned				2,352,926
<i>Total General Fund</i>	<u>\$ 2,877,009</u>	<u>\$ 4,123,803</u>	<u>\$ 3,199,031</u>	<u>\$ 3,309,864</u>
<i>All Other Governmental Funds:</i>				
Reserved	\$ 131,748	\$ 154,429	\$ 165,926	\$ -
Unreserved				
Special Revenue	1,251,752	1,047,443	1,272,358	-
Nonspendable	-	-	-	805
Restricted	-	-	-	1,245,121
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	73,307
<i>Total All Other Governmental Funds</i>	<u>\$ 1,383,500</u>	<u>\$ 1,201,872</u>	<u>\$ 1,438,284</u>	<u>\$ 1,319,233</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					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
51,278	54,278	54,631	56,442	14,201	52,650
49,642	101,977	90,494	114,962	154,393	497,329
800,000	900,000	900,000	900,000	900,000	1,000,000
14,135	139,135	25,275	25,275	25,275	80,700
2,400,386	2,456,717	2,756,058	2,779,498	3,567,496	3,508,662
<u>\$ 3,315,441</u>	<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>
\$ -	\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-	-
757	819	1,310	1,990	-	2,095
8,136,892	8,419,977	5,862,738	2,874,942	2,032,432	2,502,591
-	-	795,672	664,842	-	-
-	-	105,373	111,139	93,679	-
486,730	1,413,694	-	-	-	-
<u>\$ 8,624,379</u>	<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>

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

	Fiscal Year			
	2008	2009	2010	2011
REVENUES				
Property Taxes	\$ 3,432,977	\$ 3,552,049	\$ 3,505,728	\$ 3,546,031
Nonproperty Taxes	1,927,881	2,045,615	2,207,900	2,253,347
Grants/Intergovernmental	1,302,881	1,395,492	228,508	89,868
Licenses, Permits, Fees and Fines	1,277,505	992,486	2,642,310	2,154,692
CIED	-	-	-	-
Other	298,795	226,942	88,796	131,999
TOTAL REVENUES	<u>8,240,039</u>	<u>8,212,584</u>	<u>8,673,242</u>	<u>8,175,937</u>
EXPENDITURES				
Current:				
Administrative	739,653	706,874	919,564	817,259
Public Safety	4,113,988	4,142,609	5,246,693	4,228,132
Public Works	1,092,333	1,427,627	1,446,744	1,542,290
Parks and Recreation	101,383	111,614	153,947	102,914
Library	241,305	256,967	266,327	259,858
Communications	-	-	-	-
Community Development	554,418	622,721	629,371	610,750
Capital Outlay	177,273	173,202	337,443	209,674
Debt Service:				
Principal	275,000	580,000	265,000	300,000
Interest	155,710	111,090	140,513	112,278
Fiscal Agent Fees and Bond Issue Costs	1,000	119,361	10,000	1,000
TOTAL EXPENDITURES	<u>7,452,063</u>	<u>8,252,065</u>	<u>9,415,602</u>	<u>8,184,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>787,976</u>	<u>(39,481)</u>	<u>(742,360)</u>	<u>(8,218)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	6,000	10,360	-	-
Transfers In	318,000	10,000	72,000	18,000
Transfers Out	(318,000)	(10,000)	(18,000)	(18,000)
Proceeds from Bonds	-	1,060,000	-	-
Bond Premium	-	44,287	-	-
Proceeds from Refunding Bond	-	2,575,000	-	-
Payments to Refunding Bonds	-	(2,585,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,000</u>	<u>1,104,647</u>	<u>54,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 793,976</u>	<u>\$ 1,065,166</u>	<u>\$ (688,360)</u>	<u>\$ (8,218)</u>
Debt Service as a Percentage of Noncapital Expenditures	5.9%	10.0%	4.6%	5.2%

TABLE 4

		Fiscal Year									
		2012	2013	2014	2015	2016	2017				
\$	3,544,081	\$	3,809,355	\$	4,012,433	\$	4,143,068	\$	4,432,407	\$	4,755,462
	2,327,969		2,503,411		3,009,369		3,145,614		3,333,880		4,702,056
	6,122		4,523		8,104		8,852		7,394		233,473
	1,860,659		1,858,150		1,988,654		2,123,854		2,132,647		1,939,695
	379,918		1,172,352		-		-		-		-
	175,109		456,679		299,392		416,576		535,910		821,919
	<u>8,293,858</u>		<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>
	713,738		870,697		769,842		951,121		1,035,474		878,060
	4,177,616		4,116,594		4,258,045		4,609,076		4,320,120		5,179,406
	1,552,725		972,484		1,462,747		2,238,664		1,319,658		1,809,169
	91,824		86,802		157,643		142,794		198,429		324,379
	310,725		267,588		288,871		317,049		346,782		360,023
	-		-		-		-		348,793		322,727
	566,914		554,087		583,068		624,724		823,889		699,342
	155,265		772,922		3,909,161		3,408,801		2,110,337		1,341,443
	310,000		345,000		420,000		430,000		445,000		460,000
	242,502		270,019		257,121		245,946		233,370		222,255
	1,000		1,500		1,500		2,250		2,000		-
	<u>8,122,309</u>		<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>171,549</u>		<u>1,546,777</u>		<u>(2,790,046)</u>		<u>(3,132,461)</u>		<u>(741,614)</u>		<u>855,801</u>
	-		-		-		-		-		-
	18,000		237,216		220,770		590,803		707,203		750
	(18,000)		(237,216)		(200,770)		(520,803)		(707,203)		-
	7,000,000		-		-		-		-		-
	139,174		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
	<u>7,139,174</u>		<u>-</u>		<u>20,000</u>		<u>70,000</u>		<u>-</u>		<u>750</u>
\$	<u>7,310,723</u>	\$	<u>1,546,777</u>	\$	<u>(2,770,046)</u>	\$	<u>(3,062,461)</u>	\$	<u>(741,614)</u>	\$	<u>856,551</u>
	6.9%		8.2%		8.3%		7.1%		7.5%		6.7%

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
2008	\$ 3,432,977	\$ 1,927,881	\$ 92,357	\$ 639,332	\$ 6,092,547
2009	3,552,048	1,979,928	65,688	656,329	6,253,993
2010	3,505,728	2,141,199	66,701	677,001	6,390,629
2011	3,546,031	2,253,347	74,287	728,548	6,602,213
2012	3,544,081	2,327,969	82,409	708,434	6,662,893
2013	3,809,355	2,503,411	83,470	701,468	7,097,704
2014	4,012,433	3,009,369	91,125	895,174	8,008,101
2015	4,143,068	3,145,614	86,661	974,361	8,349,704
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

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

TABLE 6

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2008	\$ 436,832,864	\$ 272,798,655	\$ 4,728,530	\$ 67,753,134	\$ 646,606,915	0.527400
2009	454,788,574	281,431,232	5,600,760	66,158,755	675,661,811	0.527400
2010	468,647,503	281,076,061	5,246,600	62,354,128	692,616,036	0.527400
2011	456,646,017	280,720,343	5,025,705	66,555,963	675,836,102	0.527400
2012	455,927,780	266,406,857	5,103,401	50,361,878	677,076,160	0.535510
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.574282
2014	473,221,531	278,323,833	6,158,319	50,285,171	707,418,512	0.582915
2015	504,499,829	288,913,043	5,574,551	58,925,926	740,061,497	0.575507
2016	558,785,477	324,533,883	5,961,942	71,367,400	817,913,902	0.561615
2017	597,606,183	361,183,881	6,527,631	78,177,221	887,140,474	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
2008	0.4596	0.0708	0.5304	1.2625	0.3269
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

Fiscal Year	Overlapping Rates		
	University Health System	San Antonio River Authority	Alamo Community College
2008	0.23741	0.01595	0.13455
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

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ancira-Winton Chvrolet	\$ 30,349,540	1	3.42%	14,811,406	3	2.23%
HEB MarketPlace LP	24,162,050	2	2.72%	22,800,000	1	3.43%
San Antonio Vista Del Rey LLC	22,500,000	3	2.54%	15,097,030	2	2.27%
Shadow Valley Apartments LLP	15,250,100	4	1.72%	9,700,100	7	1.46%
Barcelona Lofts LLC	13,872,570	5	1.56%			
Leoprs Holdings LLC	13,722,990	6	1.55%			
Omninet Tower LP	113,501,000	7	12.79%	13,500,000	4	2.03%
Leon SA Income Parterns LP	8,800,000	8	0.99%			
Forest Green Assoc	8,510,310	9	0.96%			
SA West Loop II Investors LTD	7,893,000	10	0.89%	6,808,590	9	1.02%
Southwestern Bell				11,252,200	6	1.69%
Parkdale Development				11,397,380	5	1.71%
Fiesta Lincoln Mercury				6,918,120	8	1.04%
Puget of Texas				5,783,370	10	0.87%
TOTALS	\$ 258,561,560		29.15%	\$ 118,068,196		17.75%
TOTAL TAXABLE ASSESSED VALUE	\$ 887,140,474			\$ 646,606,915		

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
2008	\$ 3,411,529	\$ 3,374,003	98.90%	\$ 30,084	\$ 3,404,087	99.78%
2009	3,563,440	3,364,408	94.41%	191,122	3,555,530	99.78%
2010	3,570,525	3,450,690	96.64%	103,842	3,554,532	99.55%
2011	3,485,988	3,437,057	98.60%	40,674	3,477,731	99.76%
2012	3,553,034	3,485,684	98.10%	58,711	3,544,395	99.76%
2013	3,817,953	3,755,784	98.37%	51,016	3,806,800	99.71%
2014	4,023,348	3,940,694	97.95%	67,385	4,008,079	99.62%
2015	4,130,740	4,050,446	98.06%	64,802	4,115,248	99.62%
2016	4,432,631	4,369,996	98.59%	36,700	4,406,696	99.41%
2017	4,738,086	4,685,787	98.90%	52,299	4,685,787	98.90%

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				
	2008	2009	2010	2011	2012
Residential	208,492,994	215,785,825	178,416,148	228,768,000	201,840,600
Commerical	144,510,811	136,065,390	129,071,600	133,301,040	122,936,377
Total	<u>353,003,805</u>	<u>351,851,215</u>	<u>307,487,748</u>	<u>362,069,040</u>	<u>324,776,977</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				
	2013	2014	2015	2016	2017
Residential	189,931,000	184,014,000	176,710,000	177,355,000	160,769,000
Commerical	123,088,895	120,423,155	131,218,294	142,359,865	132,729,222
Total	<u>313,019,895</u>	<u>304,437,155</u>	<u>307,928,294</u>	<u>319,714,865</u>	<u>293,498,222</u>
Total Direct Rate per 1,000 Gallons	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 3.18</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
2008	8.08	0.93	11.70	4.18
2009	8.32	0.96	12.05	4.31
2010	8.57	0.99	12.41	4.43
2011	8.83	1.02	12.78	4.57
2012	9.09	1.05	13.16	4.70
2013	9.36	1.08	13.55	5.27
2014	9.36	1.08	13.55	5.27
2015	9.36	1.08	14.36	5.59
2016	9.36	1.08	15.08	5.59
2017	11.20	3.18	15.08	5.83

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

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

TABLE 12

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		
2008	\$ 3,165,000	\$ -	\$ -	\$ 3,165,000	0.09%	343
2009	2,575,000	1,060,000	-	3,635,000	0.12%	393
2010	2,340,000	1,030,000	-	3,370,000	0.12%	365
2011	2,080,000	990,000	-	3,070,000	0.12%	283
2012	8,810,000	950,000	-	9,760,000	0.40%	898
2013	8,505,000	910,000	-	9,415,000	0.40%	866
2014	8,125,000	870,000	-	8,995,000	0.38%	828
2015	7,857,138	825,000	-	8,682,138	0.39%	799
2016	7,450,179	780,000	2,086,424	10,316,603	0.46%	949
2017	7,028,220	735,000	2,062,543	9,825,763	0.52%	904

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 OUTSTANDING DEBT BY TYPE
CURRENT YEAR

TABLE 13

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			
2008	\$ 3,165,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,165,000	1.58%	343
2009	2,575,000	1,060,000	-	-	-	-	-	3,635,000	1.81%	393
2010	2,340,000	1,030,000	-	-	-	-	-	3,370,000	1.68%	365
2011	2,080,000	990,000	-	-	-	-	-	3,070,000	1.13%	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

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 14

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
<i>Debt repaid with property taxes:</i>			
Alamo CCD	\$ 491,730,000	0.62%	\$ 3,048,726
Bexar County	1,839,840,651	0.62%	11,407,012
Bexar County Hospital District	674,225,000	0.62%	4,180,195
Northside Independent School District	2,151,335,000	2.01%	43,241,834
Subtotal, Overlapping Debt			61,877,767
City Governmental Activities Direct Debt			7,763,220
TOTAL NET OVERLAPPING DEBT			\$ 69,640,987

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 15

Assessed Value, 2017 Tax Roll		\$ 887,140,474
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.		\$ 88,714,047
Amount of Applicable Debt:		
General Bonded Debt	\$ 7,763,220	
Less Debt Service Net Position	<u>334,858</u>	<u>8,098,078</u>
DEBT MARGIN		<u>\$ 80,615,969</u>
Total Net Debt as a Percentage of Debt Margin		10.05%

	Fiscal Year		
	2014	2015	2016
Assessed Value	\$ 707,418,510	\$ 740,061,500	\$ 817,913,900
Debt Limit	\$ 70,741,851	\$ 74,006,150	\$ 81,791,390
Total Net Debt Applicable to Limit	<u>9,204,392</u>	<u>8,774,392</u>	<u>10,376,736</u>
Total Debt Margin	<u>\$ 61,537,459</u>	<u>\$ 65,231,758</u>	<u>\$ 71,414,654</u>
	2011	2012	2013
Assessed Value	\$ 675,836,100	\$ 677,076,160	\$ 681,878,580
Debt Limit	\$ 67,583,610	\$ 67,707,616	\$ 68,187,858
Total Net Debt Applicable to Limit	<u>3,191,096</u>	<u>9,579,375</u>	<u>9,624,392</u>
Total Debt Margin	<u>\$ 64,392,514</u>	<u>\$ 58,128,241</u>	<u>\$ 58,563,466</u>
	2008	2009	2010
Assessed Value	\$ 646,606,920	\$ 675,611,810	\$ 692,616,040
Debt Limit	\$ 64,660,692	\$ 67,561,181	\$ 69,261,604
Total Net Debt Applicable to Limit	<u>3,063,457</u>	<u>3,480,571</u>	<u>3,200,964</u>
Total Debt Margin	<u>\$ 61,597,235</u>	<u>\$ 64,080,610</u>	<u>\$ 66,060,640</u>

CITY OF LEON VALLEY
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS

TABLE 16

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2017	\$ 4,456,994	3,833,400	\$ 623,594	\$ 20,000	\$ 60,000	7.79
2016	3,683,776	3,752,522	(68,746)	-	-	100.00
2015	3,481,570	3,481,521	49	-	-	100.00
2014	3,275,292	3,365,772	(90,480)	-	-	100.00
2013	3,291,009	3,282,744	8,265	-	-	100.00
2012	3,039,389	3,218,973	(179,584)	-	-	100.00
2011	3,115,598	2,796,812	318,786	-	-	100.00
2010	2,840,701	2,631,544	209,157	-	-	100.00
2009	2,638,172	2,357,800	280,372	-	-	100.00
2008	2,508,220	2,367,414	140,806	-	-	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 17

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	9,239	\$ 200,883,577	\$ 21,743	38.1	3,790	5.0%
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%

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 18

EMPLOYER	2017			2008		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
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 19

Function	Full-Time Equivalent Employees as of September 30,									
	<u>2008</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>General Government</u>										
Business Office	2.1	1.8	1.8	1.8	1.8	1.6	1.6	1.6	1.6	1.1
Finance	2.8	2.4	2.4	2.4	2.2	2.0	2.0	2.0	2.0	2.0
Manager and Council	2.8	2.4	2.4	2.4	2.3	2.0	3.0	3.0	3.9	2.5
<u>Public Safety</u>										
Police										
Officers	24.0	23.0	23.0	23.0	24.0	23.0	23.0	24.0	25.0	28.5
Civilians	8.0	8.0	8.0	8.0	8.0	8.0	9.0	3.9	1.0	1.0
Fire										
Firefighters and Officers	27.0	27.0	27.0	27.0	27.0	26.0	26.0	26.0	26.0	27.0
Civilians	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0
<u>Public Works</u>	14.8	14.8	14.8	14.1	13.1	12.6	12.6	12.6	13.2	13.3
<u>Development Activities</u>	4.0	4.0	4.0	3.9	3.5	3.4	1.6	1.6	1.6	2.6
<u>Economic Development</u>	1.2	1.2	1.5	1.7	2.0	2.0	2.0	2.0	2.0	1.0
<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	3.5	4.5	4.5	4.5
<u>Communications</u>	-	-	-	-	-	-	-	6.0	2.0	2.0
<u>Community Center</u>	2.1	2.1	2.1	1.9	0.6	1.6	1.6	1.6	1.6	1.1
<u>Water and Sewer</u>	<u>12.96</u>	<u>12.96</u>	<u>12.96</u>	<u>14.88</u>	<u>16.04</u>	<u>18.35</u>	<u>18.7</u>	<u>18.2</u>	<u>17.6</u>	<u>17.4</u>
TOTAL	<u>107.2</u>	<u>105.1</u>	<u>105.4</u>	<u>106.5</u>	<u>106.0</u>	<u>106.0</u>	<u>106.6</u>	<u>109.0</u>	<u>104.0</u>	<u>106.5</u>

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>	Fiscal Year				
	2008	2009	2010	2011	2012
<u>Police</u>					
Arrests	1335.0	1194.0	1279.0	1050.0	837.0
Traffic Violations	15937.0	11459.0	11611.0	10278.0	8204.0
<u>Fire</u>					
Fire Calls	821.0	793.0	786.0	931.0	765.0
EMS Calls	953.0	1028.0	1051.0	1062.0	1038.0
Number of Inspections	1229.0	1167.0	1351.0	1290.0	1256.0
<u>Public Works</u>					
Streets resurfacing (Miles)	0.0	5.9	5.4	8.4	0.0
Sidewalk Construction (Feet)	500.0	500.0	1463.0	682.0	1621.0
<u>Library</u>					
Reference Questions	6,056.0	6,083.0	6,000.0	6,897.0	5,868.0
Internet Sessions	6,320.0	7,483.0	7,354.0	7,226.0	18,242.0
Library Acquisitions	1,857.0	3,487.0	4,861.0	3,323.0	2,953.0
<u>Water</u>					
Daily Average Consumption (thousands of gallons)	967,133.0	963,975.0	842,432.0	1,005,747.0	889,800.0
Total Customers	2,369.00	2,444.00	2,469.00	2,508.00	2,523.00
Average Use Per Connection	408.25	394.43	341.20	401.02	352.68
<u>Sewer</u>					
Total Customers	2440.0	2306.0	2387.0	2428.0	2551.0
Daily Average Treatment (Gallons)	863,347.0	793,443.0	989,705.0	748,356.0	705,557.0

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

TABLE 20

Fiscal Year				
2013	2014	2015	2016	2017
635.0	629.0	722.0	915.0	535.0
4559.0	4190.0	3098.0	2622.0	1880.0
712.0	890.0	1183.0	942.0	505.0
1174.0	1151.0	1136.0	1472.0	2081.0
1022.0	1009.0	480.0	310.0	730.0
7.7	8.0	5.0	1.0	2.3
682.0	687.0	1304.0	2060.0	1957.0
5,287.0	7,000.0	6,485.0	7,681.0	7,149.0
16,882.0	6,266.0	6,497.0	8,055.0	8,346.0
2,912.0	2,176.0	1,823.0	2,011.0	2,352.0
857,588.0	962,846.0	843,639.0	869,649.0	804,105.0
2,526.00	2,544.00	2,561.00	2,574.00	2,583.00
339.50	378.48	329.42	337.86	311.31
2457.0	2457.0	2456.0	2479.0	2489.0
687,267.0	700,672.0	703,607.0	681,173.0	703,502.0

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

<u>Function</u>	Fiscal Year				
	2008	2009	2010	2011	2012
<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	2.0	2.0	2.0	2.0
Fire Fighters	27.0	27.0	27.0	27.0	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	4.0	5.0	5.0	5.0
Generators	3.0	3.0	3.0	3.0	3.0

Source: Various City Departments

TABLE 21

Fiscal Year				
2013	2014	2015	2016	2017
1.0	1.0	1.0	1.0	1.0
24.0	24.0	24.0	25.0	28.5
2.0	2.0	2.0	2.0	2.0
26.0	26.0	26.0	26.0	27.0
39.5	39.5	39.5	39.5	43.0
1.0	1.0	1.0	1.0	1.0
24.0	24.0	24.0	24.0	69.5
1.0	1.0	1.0	1.0	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
4.0	5.0	5.0	6.0	6.0
3.0	3.0	3.0	4.0	4.0



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT

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

To the 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Leon Valley as of and for the year ended September 30, 2017, 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 February 6, 2018.

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*.

We noted certain matters that we have reported to management of City of Leon Valley in a separate letter dated February 6, 2018.

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.

February 6, 2018

