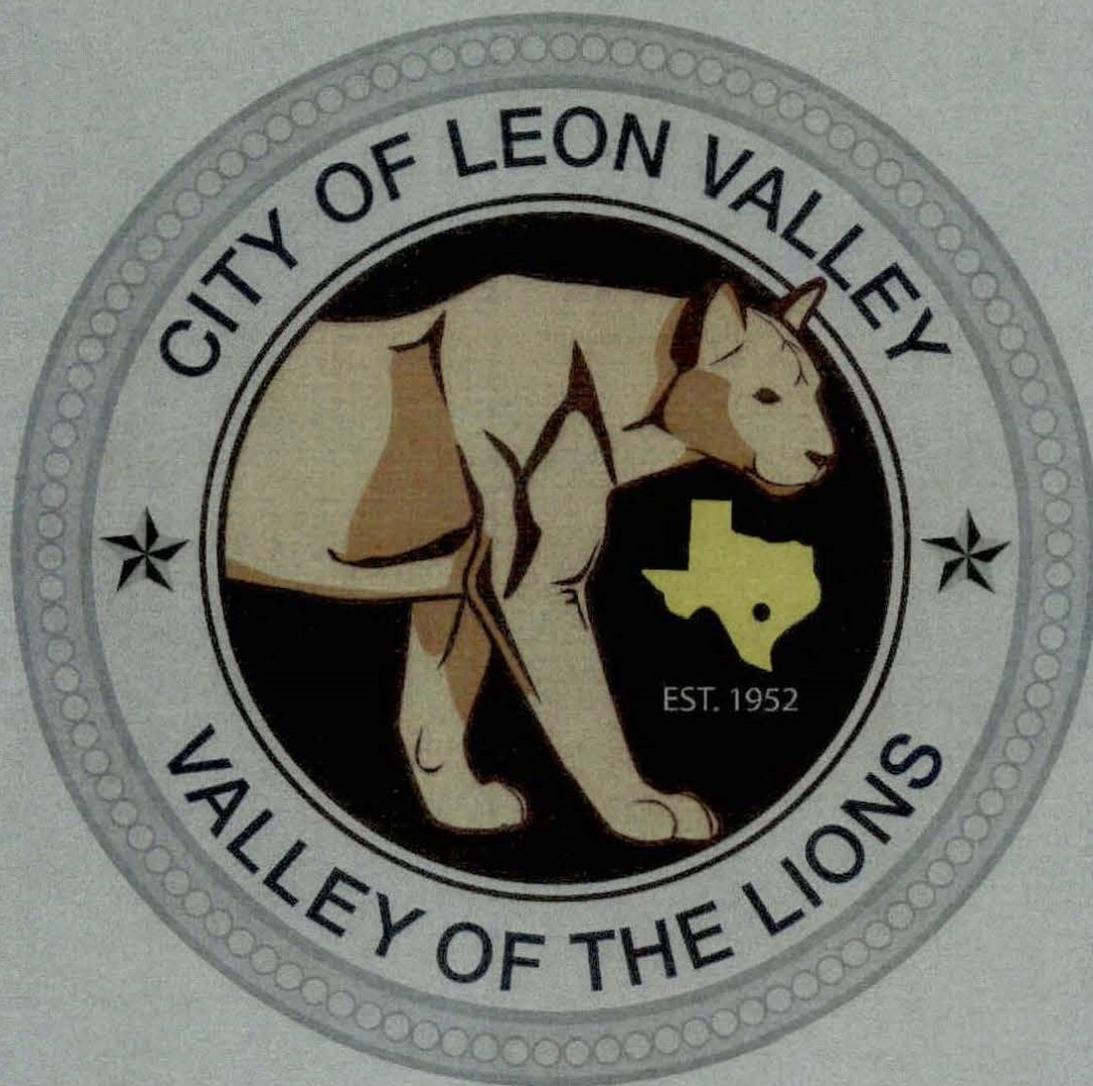


CITY OF LEON VALLEY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OCTOBER 1, 2015 - SEPTEMBER 30, 2016

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INTRODUCTORY SECTION

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February 7, 2017

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, 2016.

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

The City of Leon Valley financial statements have been audited by ABIP, P.C., a firm of licensed certified public accountants. They have issued an unmodified “clean” opinion on the City of Leon Valley’s financial statements for the year ended September 30, 2016. The independent report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

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

The City has adopted financial policies for budgetary control that is stricter than is required by law. The appropriated budget is prepared by fund, department (e.g. police), and function (e.g. patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 54-56 as required supplemental information for the governmental funds.

LOCAL ECONOMY

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

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

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

LONG-TERM FINANCIAL PLANNING

In FY 2011 the City implemented GASB 54 Fund Balance Reporting and Governmental Fund Type Definitions and formally adopted a Fund Balance Policy. The Fund Balance Policy adopted by the City will be the framework upon which consistent operations may be built and sustained. For man-made or natural disaster emergencies the City will strive to have a Committed Fund Balance that is equal to three months operating expenses based on the current operating budget. For the fiscal year that ended September 30, 2016, this Committed Fund Balance was \$900,000. Each January the policy will be reviewed and the Committed Fund Balance will be adjusted up or down based on the annual operating budget, available funds and necessity.

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

AWARDS AND ACKNOWLEDGEMENTS

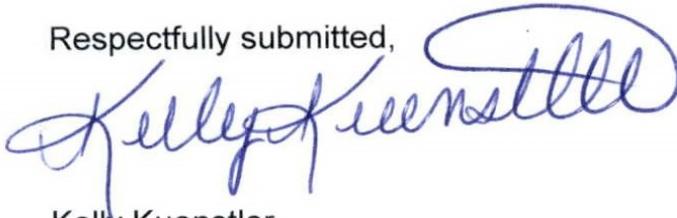
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leon Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015 with the highest standards 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.

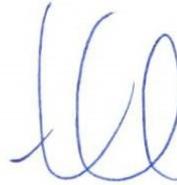
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA.

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, 2015

Executive Director/CEO

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CITY OF LEON VALLEY, TEXAS
LIST OF PRINCIPAL OFFICERS
YEAR ENDED SEPTEMBER 30, 2016

Elected Officials

Chris Riley, Mayor

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

David Edwards
Belinda Ealy
Monica Alcocer
Benny Martinez
David Jordan

City Officials

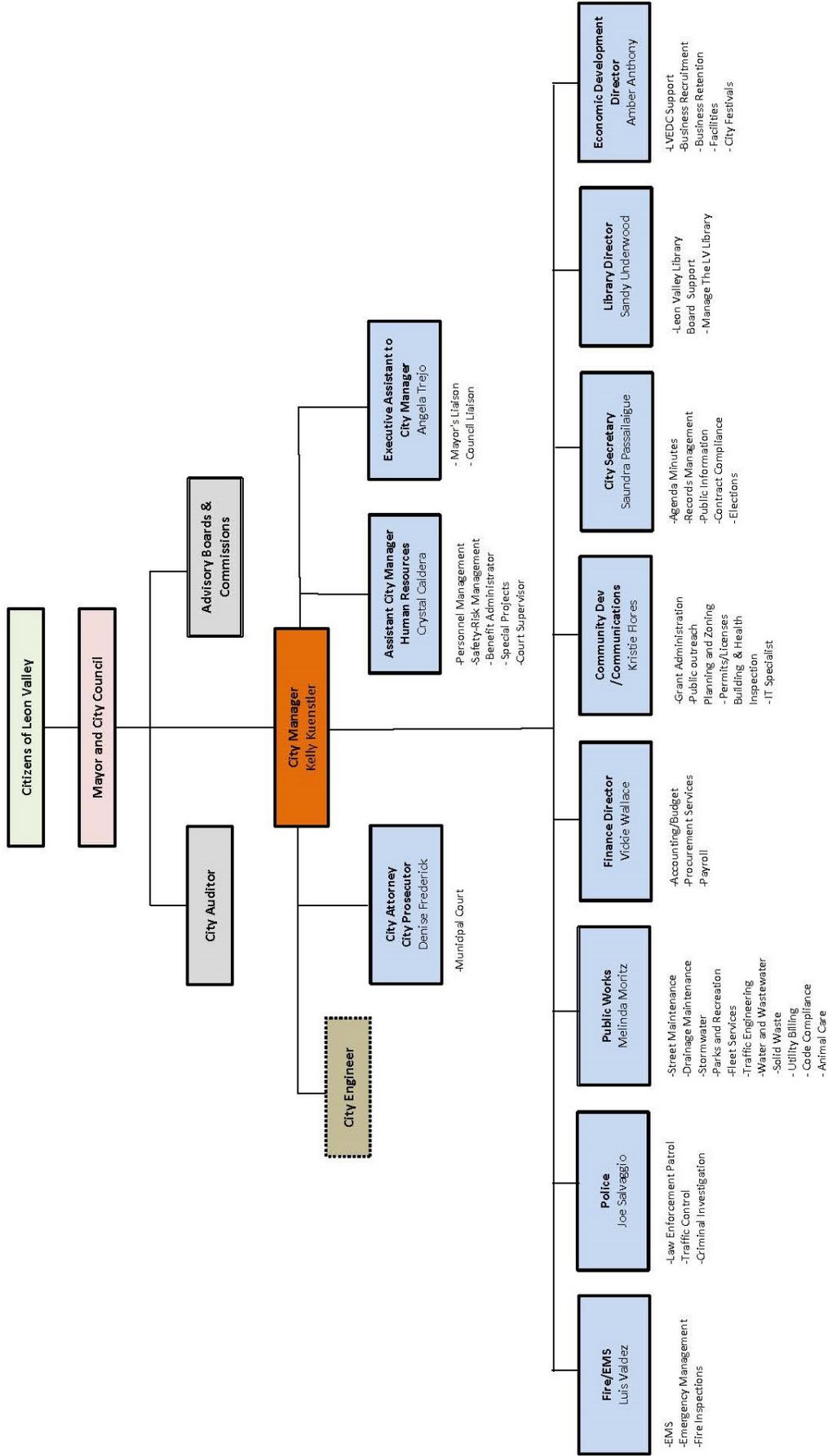
Kelly Kuentler, City Manager

City Secretary
Finance Director
Community Dev/ Communications Director
Planning Manager
Economic Development Director
Police Chief
Fire Chief
Librarian
Public Works Director
Human Resource Director
City Attorney

Sandra Passailaigue
Vickie Wallace
Kristie Flores
Elizabeth Carol
Amber Anthony
Joseph Salvaggio
Luiz Valdez
Sandra Underwood
Melinda Moritz
Crystal Caldera
Denise Frederick

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City of Leon Valley Organizational Chart



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of September 30, 2016, 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 on pages 5 through 14 and pages 54 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Leon Valley, Texas's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2017, on our consideration of the City of Leon Valley, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Leon Valley, Texas' internal control over financial reporting and compliance.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 7, 2017

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CITY OF LEON VALLEY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2016

As management of the City of Leon Valley, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at September 30, 2016 by \$19,823,239 (net position). Of this amount, \$3,901,522 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The general fund reported a fund balance this year of \$4,661,365, an increase of \$785,188.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<u>ASSETS</u>						
Current Assets	\$ 7,414,451	\$ 8,539,446	\$ 4,769,807	\$ 2,924,033	\$ 12,184,258	\$ 11,463,479
Long-Term Assets	<u>16,664,951</u>	<u>15,162,979</u>	<u>4,586,280</u>	<u>4,246,327</u>	<u>21,251,231</u>	<u>19,409,306</u>
TOTAL ASSETS	<u>24,079,402</u>	<u>23,702,425</u>	<u>9,356,087</u>	<u>7,170,360</u>	<u>33,435,489</u>	<u>30,872,785</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
	<u>2,313,005</u>	<u>770,666</u>	<u>466,004</u>	<u>154,917</u>	<u>2,779,009</u>	<u>925,583</u>
<u>LIABILITIES</u>						
Current Liabilities	\$ 1,080,339	\$ 1,464,496	\$ 147,215	\$ 235,419	\$ 1,227,554	\$ 1,699,915
Long-Term Liabilities	<u>11,214,351</u>	<u>10,490,666</u>	<u>2,879,285</u>	<u>431,629</u>	<u>14,093,636</u>	<u>10,922,295</u>
Total Liabilities	<u>12,294,690</u>	<u>11,955,162</u>	<u>3,026,500</u>	<u>667,048</u>	<u>15,321,190</u>	<u>12,622,210</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
	<u>890,155</u>	<u>507,387</u>	<u>179,914</u>	<u>101,993</u>	<u>1,070,069</u>	<u>609,380</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	\$ 8,324,593	\$ 7,696,092	\$ 4,367,353	\$ 4,113,942	\$ 12,691,946	\$ 11,810,034
Restricted Net Position	2,186,825	1,657,517	1,042,946	908,705	3,229,771	2,566,222
Unrestricted Net Position	<u>2,696,144</u>	<u>2,656,933</u>	<u>1,205,378</u>	<u>1,533,589</u>	<u>3,901,522</u>	<u>4,190,522</u>
Total Net Position	<u>\$ 13,207,562</u>	<u>\$ 12,010,542</u>	<u>\$ 6,615,677</u>	<u>\$ 6,556,236</u>	<u>\$ 19,823,239</u>	<u>\$ 18,566,778</u>

The largest portion of the City's net position, \$12,691,946 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, \$3,229,771 represents resources that are subject to external restrictions on how they may be used. The remaining \$3,901,522 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.

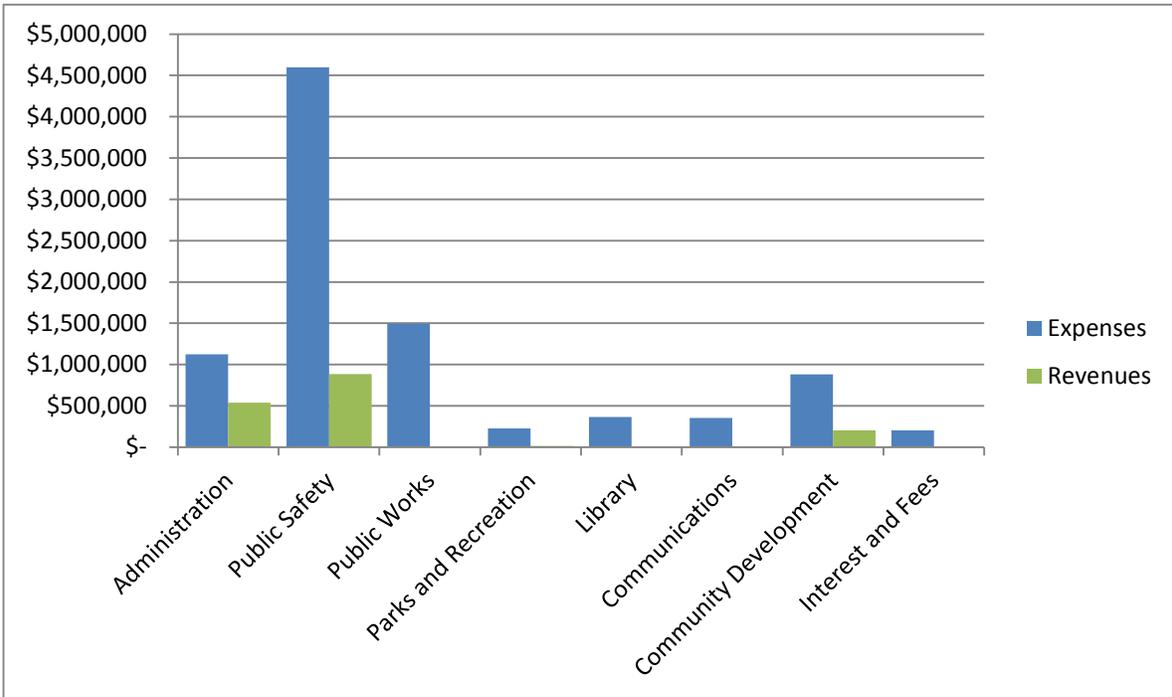
Governmental Activities. Governmental activities increased net position by \$1,197,020 which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

**CHANGE IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2016
(With Comparative Totals for September 30, 2015)**

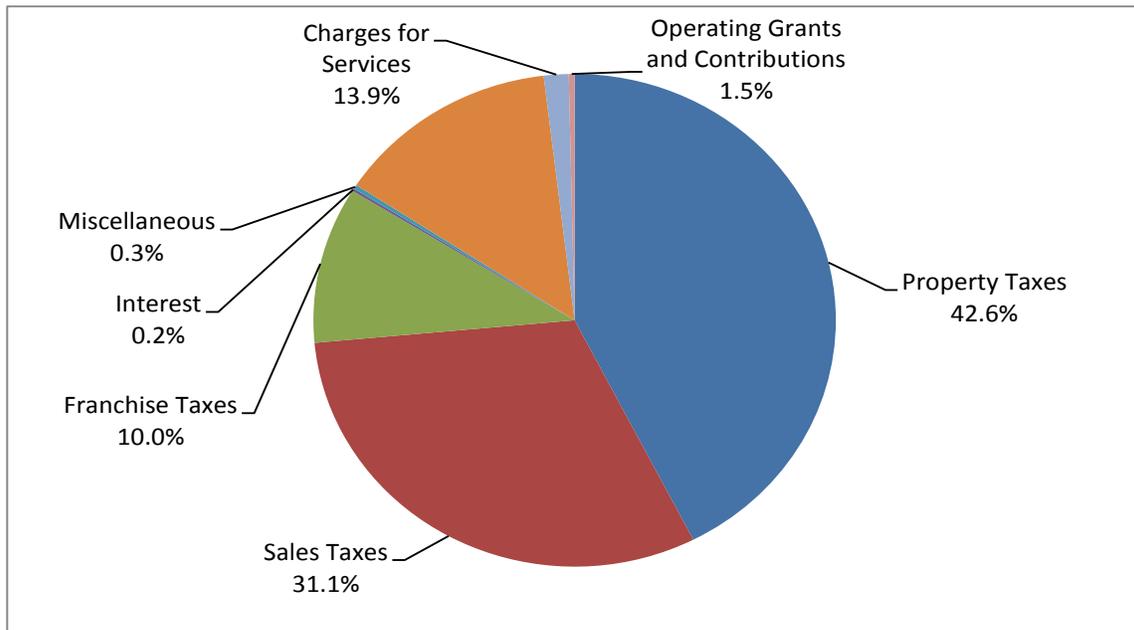
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
PROGRAM REVENUES						
Charges for Services	\$ 1,448,798	\$ 1,136,837	\$ 3,683,776	\$ 3,481,570	\$ 5,132,574	\$ 4,618,407
Operating Grants and Contributions	160,001	240,763	-	-	160,001	240,763
Capital Grants and Contributions	37,766	170,747	-	-	37,766	170,747
General Revenues						
Property Taxes	4,440,697	4,122,721	-	-	4,440,697	4,122,721
Sales Tax	3,244,710	3,145,614	-	-	3,244,710	3,145,614
Franchise Taxes	1,072,898	974,361	-	-	1,072,898	974,361
Interest	17,663	4,678	11,987	1,270	29,650	5,948
Miscellaneous	27,995	21,896	116,200	84,682	144,195	106,578
Total Revenues	<u>10,450,528</u>	<u>9,817,617</u>	<u>3,811,963</u>	<u>3,567,522</u>	<u>14,262,491</u>	<u>13,385,139</u>
EXPENSES						
Administration	1,125,550	983,952	-	-	1,125,550	983,952
Public Safety	4,598,579	4,701,582	-	-	4,598,579	4,701,582
Public Works	1,492,449	2,363,083	-	-	1,492,449	2,363,083
Parks and Recreation	228,169	169,947	-	-	228,169	169,947
Library	367,252	320,572	-	-	367,252	320,572
Communications	355,508	-	-	-	355,508	-
Community Development	880,111	676,880	-	-	880,111	676,880
Utility	-	-	3,752,522	3,481,521	3,752,522	3,481,521
Interest and Fiscal Agent Fees	205,890	239,237	-	-	205,890	239,237
Total Expenses	<u>9,253,508</u>	<u>9,455,253</u>	<u>3,752,522</u>	<u>3,481,521</u>	<u>13,006,030</u>	<u>12,936,774</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	<u>1,197,020</u>	<u>362,364</u>	<u>59,441</u>	<u>86,001</u>	<u>1,256,461</u>	<u>448,365</u>
OTHER FINANCING SOURCES (USES)						
Transfer Out	-	-	-	(70,000)	-	(70,000)
Transfer In	-	70,000	-	-	-	70,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	1,197,020	432,364	59,441	16,001	1,256,461	448,365
NET POSITION AT BEGINNING OF YEAR	<u>12,010,542</u>	<u>13,671,954</u>	<u>6,556,236</u>	<u>6,923,517</u>	<u>18,566,778</u>	<u>20,595,471</u>
RESTATEMENT OF NET POSITION	-	(2,093,776)	-	(383,282)	-	(2,477,058)
NET POSITION AT BEGINNING OF YEAR - RESTATED	<u>12,010,542</u>	<u>11,578,178</u>	<u>6,556,236</u>	<u>6,540,235</u>	<u>18,566,778</u>	<u>18,118,413</u>
NET POSITION AT END OF YEAR	<u>\$ 13,207,562</u>	<u>\$ 12,010,542</u>	<u>\$ 6,615,677</u>	<u>\$ 6,556,236</u>	<u>\$ 19,823,239</u>	<u>\$ 18,566,778</u>

Revenues for governmental activities for the fiscal year ended September 30, 2016 totaled \$10,450,528, an increase of \$632,911 from fiscal year 2015 total revenues of \$9,817,617. The main cause of the increase relates to sales and property taxes.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

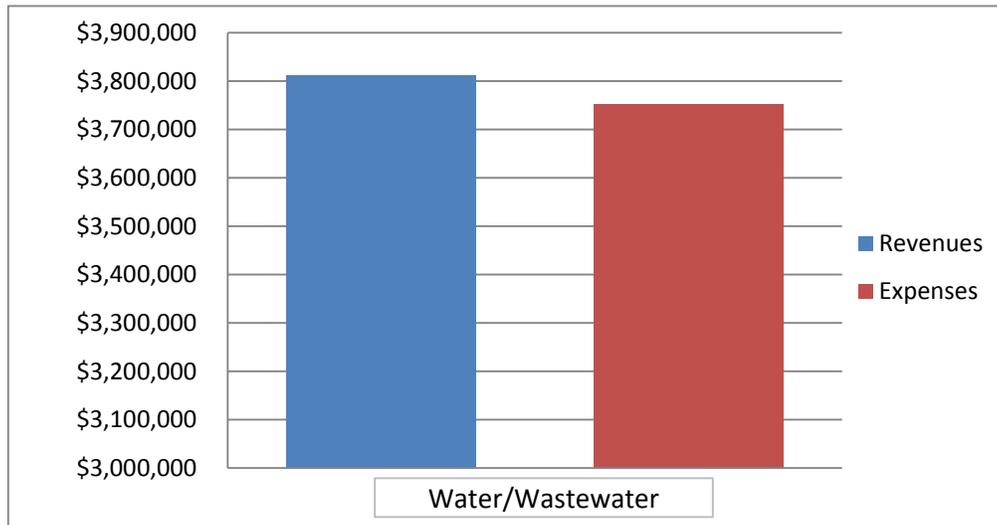


Expenses for governmental activities totaled \$9,253,508, a decrease of \$201,745 over fiscal year 2015. The main cause for this decrease relates to personnel vacancies and budget constraints.

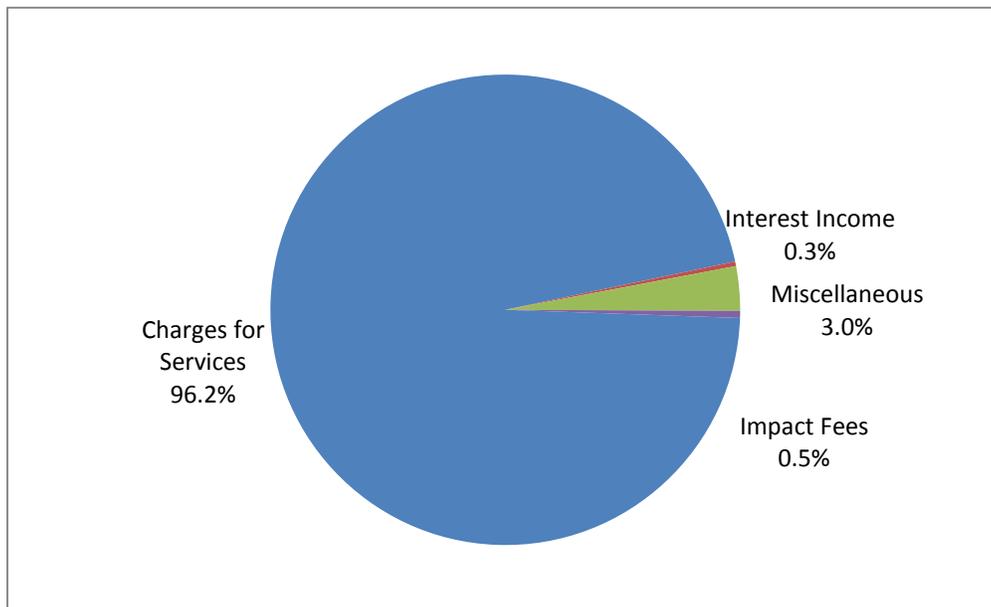
Business-Type Activities. Business-type activities increased net position by \$59,441. Key elements of this increase are as follows:

- Utility expenses for business-type activities increased by \$271,001, which is attributable to an increase in personnel costs.

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES



REVENUES BY SOURCE - BUSINESS-TYPE ACTIVITIES



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

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

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

As of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$6,787,476, a decrease of \$741,614 in comparison with fiscal year 2015. The general fund which is the chief operating fund of the City, at the end of the current fiscal year, had a committed fund balance of \$900,000. The committed fund balance is used only for man-made or natural disaster emergencies.

For the fiscal year ended September 30, 2016, the fund balance of the City’s general fund increased by \$785,188. Key factors in the increase are as follows:

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

The capital projects fund has a total fund balance of \$-0-, a decrease of \$1,332,387 in comparison with fiscal year 2015. This decrease was primarily due to construction and completion of the municipal complex during the fiscal year.

The debt service fund has a total fund balance of \$320,527, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$33,791.

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

Unrestricted net position of the water and sewer fund at the end of the year amounted to \$1,205,378. The total increase in net position for the water and sewer fund was \$59,441. Other factors concerning the finances of this fund have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City revised its budget (including transfers out) for a total increase of \$730,633. The following are the main components of the increase.

- \$556,638 supplemental appropriations for the purchase of City vehicles
- \$ 10,636 supplemental appropriations for personnel costs
- \$ 44,674 supplemental appropriations for 4th of July event
- \$118,685 supplemental appropriations for contractual obligations

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounted to \$21,116,616 (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 \$1,839,695 from fiscal year 2015.

CAPITAL ASSETS
(Net of Accumulated Depreciation)

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2015</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2016</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 817,346	\$ -	\$ -	\$ 817,346
Construction in Progress	<u>6,435,422</u>	<u>1,308,088</u>	<u>(7,743,510)</u>	<u>-</u>
Total Capital Assets -Not Depreciated	<u>7,252,768</u>	<u>1,308,088</u>	<u>(7,743,510)</u>	<u>817,346</u>
<u>Capital Assets - Depreciated</u>				
Buildings	3,872,271	7,743,510	-	11,615,781
Transportation and Equipment	5,371,888	802,249	(91,494)	6,082,643
Infrastructure	<u>11,079,412</u>	<u>-</u>	<u>-</u>	<u>11,079,412</u>
Total Capital Assets - Depreciated	<u>20,323,571</u>	<u>8,545,759</u>	<u>(91,494)</u>	<u>28,777,836</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(1,624,798)	(93,500)	-	(1,718,298)
Transportation and Equipment	(3,922,761)	(345,010)	91,494	(4,176,277)
Infrastructure	<u>(6,865,801)</u>	<u>(169,855)</u>	<u>-</u>	<u>(7,035,656)</u>
	<u>(12,413,360)</u>	<u>(608,365)</u>	<u>91,494</u>	<u>(12,930,231)</u>
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>7,910,211</u>	<u>7,937,394</u>	<u>-</u>	<u>15,847,605</u>
 TOTAL CAPITAL ASSETS - NET	 <u>\$ 15,162,979</u>	 <u>\$ 9,245,482</u>	 <u>\$ (7,743,510)</u>	 <u>\$ 16,664,951</u>

CAPITAL ASSETS (CONTINUED)
(Net of Accumulated Depreciation)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BALANCE 9/30/2015</u>	<u>RECLASS AND ADDITIONS</u>	<u>RECLASS AND DISPOSALS</u>	<u>BALANCE 9/30/2016</u>
<u>Capital Assets - Not Depreciated</u>				
Land	\$ 113,227	\$ -	\$ -	\$ 113,227
Water Rights	1,531,672	-	-	1,531,672
Construction in Progress	-	229,152	-	229,152
Total Capital Assets - Not Depreciated	<u>1,644,899</u>	<u>229,152</u>	<u>-</u>	<u>1,874,051</u>
<u>Capital Assets - Depreciated</u>				
Buildings	25,403	-	-	25,403
Improvements other than Buildings	6,730,299	173,420	-	6,903,719
Transportation and Equipment	647,924	115,604	(13,347)	750,181
Total Capital Assets - Depreciated	<u>7,403,626</u>	<u>289,024</u>	<u>(13,347)</u>	<u>7,679,303</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(19,527)	(410)	-	(19,937)
Improvements other than Buildings	(4,377,322)	(129,271)	-	(4,506,593)
Transportation and Equipment	(537,734)	(50,772)	13,347	(575,159)
	<u>(4,934,583)</u>	<u>(180,453)</u>	<u>13,347</u>	<u>(5,101,689)</u>
<u>ASSETS BEING DEPRECIATED - NET</u>	<u>2,469,043</u>	<u>108,571</u>	<u>-</u>	<u>2,577,614</u>
TOTAL CAPITAL ASSETS - NET	<u>\$ 4,113,942</u>	<u>\$ 337,723</u>	<u>\$ -</u>	<u>\$ 4,451,665</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, 2016, the City had a total bonded debt outstanding of \$10,090,000.

OUTSTANDING DEBT LONG-TERM DEBT

	<u>BALANCE</u> <u>9/30/2015</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCE</u> <u>9/30/2016</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Refunding Bonds Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 945,000	\$ -	\$ (305,000)	\$ 640,000	\$ 315,000
Public Property Finance Contracts Original Amount of \$1,060,000 Interest Rate 4.42%	825,000	-	(45,000)	780,000	45,000
General Obligation Refunding Bonds Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	6,795,000	-	(95,000)	6,700,000	100,000
Issuance Premium	<u>117,138</u>	<u>-</u>	<u>(6,959)</u>	<u>110,179</u>	<u>6,959</u>
Subtotal	8,682,138	-	(451,959)	8,230,179	\$ 466,959
Compensated Absences	<u>503,313</u>	<u>104,717</u>	<u>(125,828)</u>	<u>482,202</u>	<u>120,551</u>
	<u>\$ 9,185,451</u>	<u>\$ 104,717</u>	<u>\$ (577,787)</u>	<u>\$ 8,712,381</u>	<u>\$ 587,510</u>
<u>Business-Type Activities</u>					
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 Original Amount of \$1,970,000 Interest Rate 3.125-5.00%	\$ -	\$ 1,970,000	\$ -	\$ 1,970,000	\$ 20,000
Issuance Premium	<u>-</u>	<u>116,424</u>	<u>-</u>	<u>116,424</u>	<u>3,881</u>
Subtotal	-	2,086,424	-	2,086,424	23,881
Compensated Absences	<u>70,819</u>	<u>24,227</u>	<u>(17,705)</u>	<u>77,341</u>	<u>19,335</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 70,819</u>	<u>\$ 2,110,651</u>	<u>\$ (17,705)</u>	<u>\$ 2,163,765</u>	<u>\$ 43,216</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 2017, sales tax was budgeted with a 1.34% decrease. The City adopted a tax rate of \$0.556599, which is \$0.005016 lower than the fiscal year 2016 tax rate of \$0.561615. Overall tax revenues are anticipated to rise with the increase in property values within the City.

Expenditures for the general fund are budgeted at \$8,329,836. The largest increase comes from personnel costs and contractual services.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 6,565,275	\$ 4,332,830	\$ 10,898,105	\$ 382,492
Receivables - Net of Allowances for Uncollectibles:				
Property Taxes	160,034	-	160,034	-
Special Assessment	11,744	-	11,744	-
Other	71,142	436,977	508,119	-
Due from Other Governments	592,055	-	592,055	53,038
Inventories	14,201	-	14,201	-
Total Current Assets	<u>7,414,451</u>	<u>4,769,807</u>	<u>12,184,258</u>	<u>435,530</u>
<u>NONCURRENT ASSETS</u>				
Restricted Cash, Customer Deposits	-	134,615	134,615	-
Capital Assets, Net				
Land	817,346	113,227	930,573	-
Construction in Progress	-	229,152	1,531,672	-
Water Rights	-	1,531,672	229,152	-
Buildings	9,897,483	5,466	9,902,949	-
Water/Wastewater System-Plant	-	2,397,126	2,397,126	-
Transportation and Equipment	1,906,366	175,022	2,081,388	-
Infrastructure	4,043,756	-	4,043,756	-
Total Noncurrent Assets	<u>16,664,951</u>	<u>4,586,280</u>	<u>21,251,231</u>	<u>-</u>
TOTAL ASSETS	<u>24,079,402</u>	<u>9,356,087</u>	<u>33,435,489</u>	<u>435,530</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	20,312	-	20,312	-
Deferred Pension Charges	2,292,693	466,004	2,758,697	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,313,005</u>	<u>466,004</u>	<u>2,779,009</u>	<u>-</u>
<u>LIABILITIES</u>				
<u>CURRENT LIABILITIES</u>				
Bank Overdraft	-	-	-	80,127
Accounts Payable	130,414	44,663	175,077	-
Accrued Expenses	290,600	33,419	324,019	5,237
Accrued Interest Payable	37,632	25,917	63,549	-
Deposits Payable	34,183	-	34,183	-
Current Portion of Accrued Leave	120,551	19,335	139,886	-
Bonds Payable within One Year	466,959	23,881	490,840	-
Total Current Liabilities	<u>1,080,339</u>	<u>147,215</u>	<u>1,227,554</u>	<u>85,364</u>
<u>NONCURRENT LIABILITIES</u>				
Payable from Restricted Assets, Customer Deposits	-	134,615	134,615	-
Accrued Leave	361,651	58,006	419,657	-
Bonds Payable after One Year	7,763,220	2,062,543	9,825,763	-
Net Pension Liability	3,089,480	624,121	3,713,601	-
Total Noncurrent Liabilities	<u>11,214,351</u>	<u>2,879,285</u>	<u>14,093,636</u>	<u>-</u>
TOTAL LIABILITIES	<u>12,294,690</u>	<u>3,026,500</u>	<u>15,321,190</u>	<u>85,364</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Inflows of Resources - TMRS	890,155	179,914	1,070,069	-
<u>NET POSITION</u>				
Net investment in Capital Assets	8,324,593	4,367,353	12,691,946	-
Restricted for				
Parks	957	-	957	-
Public Education Grants	153,436	-	153,436	-
Debt Service	320,527	-	320,527	-
Special Revenue	1,711,905	-	1,711,905	-
Water Supply	-	212,605	212,605	-
Storm Water Fee	-	830,341	830,341	-
Unrestricted Net Position	2,696,144	1,205,378	3,901,522	350,166
Total Net Position	<u>\$ 13,207,562</u>	<u>\$ 6,615,677</u>	<u>\$ 19,823,239</u>	<u>\$ 350,166</u>

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

CITY OF LEON VALLEY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

<u>FUNCTIONS AND PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
<u>Governmental Activities</u>				
Administration	\$ 1,125,550	\$ 537,825	\$ -	\$ -
Public Safety	4,598,579	724,018	160,001	-
Public Works	1,492,449	-	-	-
Parks and Recreation	228,169	15,632	-	-
Library	367,252	4,249	-	-
Communications	355,508			
Community Development	880,111	167,074	-	37,766
Interest and Fees	205,890	-	-	-
Total Governmental Activities	<u>9,253,508</u>	<u>1,448,798</u>	<u>160,001</u>	<u>37,766</u>
<u>Business-Type Activities</u>				
Water/Wastewater	<u>3,752,522</u>	<u>3,683,776</u>	-	-
Total Government	<u>\$ 13,006,030</u>	<u>\$ 5,132,574</u>	<u>\$ 160,001</u>	<u>\$ 37,766</u>
<u>Component Unit</u>				
Leon Valley Economic Development Corporation	<u>\$ 322,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Taxes:

Property Taxes

Sales Taxes

Franchise Taxes

Interest Income

Miscellaneous

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

NET POSITION AT END OF YEAR

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
\$ (587,725)	\$ -	\$ (587,725)	
(3,714,560)	-	(3,714,560)	
(1,492,449)	-	(1,492,449)	
(212,537)	-	(212,537)	
(363,003)	-	(363,003)	
(355,508)	-	(355,508)	
(675,271)	-	(675,271)	
<u>(205,890)</u>	<u>-</u>	<u>(205,890)</u>	
<u>(7,606,943)</u>	<u>-</u>	<u>(7,606,943)</u>	
<u>-</u>	<u>(68,746)</u>	<u>(68,746)</u>	
<u>(7,606,943)</u>	<u>(68,746)</u>	<u>(7,675,689)</u>	
			<u>\$ 322,704</u>
4,440,697	-	4,440,697	-
3,244,710	-	3,244,710	291,662
1,072,898	-	1,072,898	-
17,663	11,987	29,650	166
<u>27,995</u>	<u>116,200</u>	<u>144,195</u>	<u>14,209</u>
8,803,963	128,187	8,932,150	306,037
1,197,020	59,441	1,256,461	(16,667)
<u>12,010,542</u>	<u>6,556,236</u>	<u>18,566,778</u>	<u>366,833</u>
<u>\$ 13,207,562</u>	<u>\$ 6,615,677</u>	<u>\$ 19,823,239</u>	<u>\$ 350,166</u>

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	STREET MAINTENANCE TAX	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 4,554,422	\$ -	\$ 999,239	\$ 1,011,614	\$ 6,565,275
Receivables - Net of Allowances for Uncollectibles					
Property Taxes	135,481	-	-	24,553	160,034
Special Assessment	-	-	-	11,744	11,744
Other	55,649	-	-	15,493	71,142
Due from Other Governments	435,828	-	106,077	50,150	592,055
Inventories	<u>14,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,201</u>
 TOTAL ASSETS	 <u>\$ 5,195,581</u>	 <u>\$ -</u>	 <u>\$ 1,105,316</u>	 <u>\$ 1,113,554</u>	 <u>\$ 7,414,451</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 127,043	\$ -	\$ -	\$ 3,371	\$ 130,414
Accrued Expenditures	270,977	-	10,255	9,368	290,600
Deposits Payable	<u>715</u>	<u>-</u>	<u>-</u>	<u>33,468</u>	<u>34,183</u>
Total Liabilities	<u>398,735</u>	<u>-</u>	<u>10,255</u>	<u>46,207</u>	<u>455,197</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenues - Taxes	<u>135,481</u>	<u>-</u>	<u>-</u>	<u>36,297</u>	<u>171,778</u>
<u>FUND BALANCES</u>					
Nonspendable	14,201	-	-	-	14,201
Restricted:					
Public Education Grants	153,436	-	-	-	153,436
Park Bucks	957	-	-	-	957
Debt Service	-	-	-	320,527	320,527
Special Revenue	-	-	1,095,061	616,844	1,711,905
Committed:					
Disaster Emergencies	900,000	-	-	-	900,000
Assigned:					
Tree Mitigation and Replacement	25,275	-	-	-	25,275
Community and Conference Center	-	-	-	93,679	93,679
Unassigned:	<u>3,567,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,567,496</u>
Total Fund Balances	<u>4,661,365</u>	<u>-</u>	<u>1,095,061</u>	<u>1,031,050</u>	<u>6,787,476</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	 <u>\$ 5,195,581</u>	 <u>\$ -</u>	 <u>\$ 1,105,316</u>	 <u>\$ 1,113,554</u>	 <u>\$ 7,414,451</u>

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$ 6,787,476
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		16,664,951
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows of resources in the funds.		171,778
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.		(482,202)
Long-term liabilities, including bonds payable and related premiums are not due and payable in the current period and therefore are not reported as liabilities in the funds:		
Bonds Payable	\$ (8,120,000)	
Bond Premiums	<u>(110,179)</u>	(8,230,179)
Accrued interest payable on bonded debt is not reported in the funds.		(37,632)
Deferred amounts on refunding bonds are deferred outflows of resources and, therefore, are not reported in the funds.		20,312
Recognition of the City's net pension liability required by GASB 68 and the changes in deferred outflows and inflows of resources related to the TMRS pension liability:		
Net Pension Liability	\$ (3,089,480)	
Deferred Inflows of Resources - TMRS	(890,155)	
Deferred Outflows of Resources - TMRS	<u>2,292,693</u>	<u>(1,686,942)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 13,207,562</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	GENERAL FUND	CAPITAL PROJECTS FUND	STREET MAINTENANCE TAX	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Property Taxes	\$ 3,718,246	\$ -	\$ -	\$ 714,161	\$ 4,432,407
Sales Taxes	2,376,173	-	583,543	374,164	3,333,880
Franchise Taxes	983,728	-	-	-	983,728
Licenses, Permits, Fees and Fines	958,336	-	-	190,583	1,148,919
Grants	4,550	-	-	2,844	7,394
Rent	-	-	-	67,691	67,691
Interest	14,915	872	1,003	873	17,663
Miscellaneous	401,279	-	37,766	11,511	450,556
Total Revenues	<u>8,457,227</u>	<u>872</u>	<u>622,312</u>	<u>1,361,827</u>	<u>10,442,238</u>
<u>EXPENDITURES</u>					
Current					
Administration	1,024,054	-	-	11,420	1,035,474
Public Safety	3,964,442	-	-	355,678	4,320,120
Public Works	1,319,658	-	-	-	1,319,658
Parks and Recreation	198,429	-	-	-	198,429
Library	346,782	-	-	-	346,782
Communications	348,793	-	-	-	348,793
Community Development	473,847	-	174,124	175,918	823,889
Capital Outlay	669,237	1,308,088	-	133,012	2,110,337
Debt Service					
Principal	-	-	-	445,000	445,000
Interest	-	-	-	233,370	233,370
Fiscal Agent Fees and Bond Issue Costs	-	-	-	2,000	2,000
Total Expenditures	<u>8,345,242</u>	<u>1,308,088</u>	<u>174,124</u>	<u>1,356,398</u>	<u>11,183,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>111,985</u>	<u>(1,307,216)</u>	<u>448,188</u>	<u>5,429</u>	<u>(741,614)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	690,203	-	-	17,000	707,203
Transfers Out	(17,000)	(25,171)	-	(665,032)	(707,203)
Total Other Financing Sources (Uses)	<u>673,203</u>	<u>(25,171)</u>	<u>-</u>	<u>(648,032)</u>	<u>-</u>
Net Change in Fund Balances	785,188	(1,332,387)	448,188	(642,603)	(741,614)
<u>FUND BALANCES AT</u>					
<u>BEGINNING OF YEAR</u>	<u>3,876,177</u>	<u>1,332,387</u>	<u>646,873</u>	<u>1,673,653</u>	<u>7,529,090</u>
FUND BALANCES AT END OF YEAR	<u>\$ 4,661,365</u>	<u>\$ -</u>	<u>\$ 1,095,061</u>	<u>\$ 1,031,050</u>	<u>\$ 6,787,476</u>

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ (741,614)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are capitalized.	2,110,337
Capital assets are not recorded in government funds and are not therefore depreciated. However, in the statement of activities, these assets are depreciated over their estimated useful lives. This is the amount of the 2016 depreciation.	(608,365)
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	
Property Taxes	8,290
The change in net pension liability and deferred inflows and outflows related to the City's TMRS pension liability.	(67,218)
Premiums on the issuance of debt are expended in the governmental activities, but are amortized over the life of the bond in the statement of activities. This is the amortization for 2016.	6,959
Refunding bonds losses are capitalized and amortized in the statement of net position.	20,312
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	445,000
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities (accrued interest).	2,208
Amounts to be expended for long-term employee leave is not recorded as an expenditure in the funds, but is an expense in the statement of activities. This is the change in compensated absences for 2016.	<u>21,111</u>
 CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u>\$ 1,197,020</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITY
	WATER AND WASTEWATER
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 4,332,830
Accounts Receivable, Net of Allowance for Uncollectible	436,977
Total Current Assets	4,769,807
<u>NONCURRENT ASSETS</u>	
Restricted Cash and Cash Equivalents for Customer Deposits	134,615
Capital Assets (Net)	
Land	113,227
Water Rights	1,531,672
Construction in Progress	229,152
Buildings	5,466
Water and Wastewater System - Plant	2,397,126
Transportation and Equipment	175,022
Total Noncurrent Assets	4,586,280
TOTAL ASSETS	9,356,087
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - TMRS	466,004
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	44,663
Accrued Expenses	33,419
Interest Payable	25,917
Current Portion of Accrued Leave	19,335
Bonds Payable within One Year	23,881
Total Current Liabilities	147,215
<u>NONCURRENT LIABILITIES</u>	
Accrued Leave	58,006
Payable from Restricted Assets:	
Customer Deposits Payable	134,615
Bonds Payable after One Year	2,062,543
Net Position Liability	624,121
Total Noncurrent Liabilities	2,879,285
Total Liabilities	3,026,500
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - TMRS	179,914
<u>NET POSITION</u>	
Net Investment in Capital Assets	4,367,353
Restricted Net Position	
Water Supply Fee Reserve	212,605
Storm Water Fee Reserve	830,341
Unrestricted Net Position	
Appropriated for Capital Outlay	855,378
Unrestricted Unappropriated Net Position	350,000
Total Net Position	\$ 6,615,677

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

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2016

	BUSINESS-TYPE ACTIVITY WATER AND WASTEWATER
<u>OPERATING REVENUES</u>	
Metered Water Sales	\$ 851,728
Wastewater Sales Charges	2,011,973
Storm Water Fees	400,264
Connection and Platting	335,254
Customer Penalties	39,271
Customer Disconnect Fees	8,930
Tap Fees	17,855
Total Operating Revenues	3,665,275
<u>OPERATING EXPENSES</u>	
General and Administrative	650,133
Water System	878,958
Wastewater System	1,505,872
Stormwater System	429,035
Depreciation	180,453
Total Operating Expenses	3,644,451
Operating Income	20,824
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	11,987
Interest Expense	(108,071)
Miscellaneous	116,200
Impact Fees	18,501
Total Nonoperating Revenues (Expenses)	38,617
Change in Net Position	59,441
<u>NET POSITION AT BEGINNING OF YEAR</u>	6,556,236
NET POSITION AT END OF YEAR	\$ 6,615,677

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Payments Received from Customers	\$ 3,618,890
Payments to Suppliers for Goods and Services	(2,248,508)
Payments for Salaries and Benefits	<u>(1,194,176)</u>
Net Cash Provided (Used) by Operating Activities	<u>176,206</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	(518,176)
Proceeds from long-term borrowing	2,086,424
Interest paid on Long-Term Debt	(82,154)
Impact and Service Fees	<u>134,701</u>
Net Cash Used by Capital and Related Financing Activities	<u>1,620,795</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Received	<u>11,987</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>1,808,988</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING</u>	
Cash and Cash Equivalents	2,526,072
Restricted Cash and Cash Equivalents	<u>132,385</u>
CASH AND CASH EQUIVALENTS - BEGINNING	<u>\$ 2,658,457</u>
<u>CASH AND CASH EQUIVALENTS - ENDING</u>	
Cash and Cash Equivalents	\$ 4,332,830
Restricted Cash and Cash Equivalents	<u>134,615</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 4,467,445</u>
<u>RECONCILIATION OF UTILITY OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
Operating Income	\$ 20,824
Depreciation	180,453
(Increase) Decrease in Assets	
Accounts Receivable	(48,615)
Prepaid Expense	9,599
Increase (Decrease) in Liabilities	
Accounts Payable	(22,707)
Accrued Expenses	21,982
Customer Deposits	2,230
Net Pension Liability	<u>12,440</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 176,206</u>
<u>Schedule of Noncash Activities</u>	
Actuarial Calculation of Net Pension Liability	<u>\$ 25,392</u>

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

B. Government-Wide Fund Financial Statements

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide Fund Financial Statements (Continued)

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

Separate fund financial statements are provided for governmental funds and proprietary funds. The general fund and capital projects fund meet the criteria as major governmental funds. The combined amounts for all nonmajor funds are reflected in a single column in the fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Detailed statements for nonmajor funds are presented within combining and individual fund statements and schedules.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, revenue from the investments, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as program revenues and general revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred inflow of resources. Property taxes which are levied prior to September 30, 2015, and became due October 1, 2015 have been assessed to finance the budget of the fiscal year beginning October 1, 2015 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2016.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The government reports the following major governmental funds:

General Fund is the general operating fund of the City and is always classified as a major fund. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public service and capital acquisition.

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

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 and debt service funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's proprietary fund is the water/wastewater fund (used to account for the provisions of water and sewer services to residents).

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents

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

E. Investments

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

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

F. Accounts Receivable

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2015 and past due after January 31, 2016. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Short-Term Interfund Receivables/Payables

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

H. Inventories and Prepaid Items

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

I. Budget

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

J. Restricted Assets

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

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

K. Capital Assets

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

L. Compensated Absences

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the enterprise fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2016 of \$77,341 and \$482,202 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.

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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premium and discounts are deferred and amortized over the life of the term of the related debt.

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

O. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The City has elected to appropriate net position of its business type activity. Such appropriations reflect the intended use of the net position.

P. Interfund Transactions

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

Q. Operating Revenues and Expenses

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

R. Use of Estimates

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classification Policies

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

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

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.

NOTE 2: CASH AND CASH EQUIVALENTS

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Cash

At September 30, 2016, the carrying amount of the City's cash on hand was \$1,125, deposits in the bank were \$2,414,823 and the book balance was \$2,420,479. The City's cash was fully collateralized. The component unit's combined bank deposits were \$361,961 and the book balance was \$302,365. In addition, the component unit's checking account had outstanding checks in excess of cash of \$80,127 at September 30, 2016. These balances were fully collateralized.

B. Investments

The City is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date of the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposits.

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

The City's cash, and cash equivalents at September 30, 2016 are as shown below:

	REPORTED AND FAIR VALUE	WEIGHTED AVERAGE MATURITY	RATING	
			MOODY'S	S & P
TexPool	\$ 8,612,241	-	Aaa	AAAm
Cash on Hand	1,625	-	n/a	n/a
Bank Deposits	<u>2,721,219</u>	-	n/a	n/a
TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	<u>\$ 11,335,085</u>			
Unrestricted	11,200,470			
Restricted	<u>\$ 134,615</u>			
TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	<u>\$ 11,335,085</u>			

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

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, 2016, the City's investments were in TexPool, a public funds investment pool where all securities held maintain a continuous rating of no lower than Aaa or AAAM or an equivalent rating by at least one nationally recognized rating service.

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

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

D. Investment Policy

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

E. Public Funds Investment Pools

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

NOTE 3: RECEIVABLES

A. Special Assessments

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 3: RECEIVABLES (CONTINUED)

B. Other Receivables

Other receivables consist of the following:

	<u>AMOUNT</u>	<u>ALLOWANCE FOR DOUBTFUL</u>	<u>NET RECEIVABLE</u>
Property Taxes	\$ 188,275	\$ (28,241)	\$ 160,034
EMS Receivables	209,384	(209,384)	-
Special Assessment	11,744	-	11,744
Accounts	71,142	-	71,142
Utility	450,622	(13,645)	436,977

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, 2015, upon which the fiscal 2016 levy was based, was \$817,650,141 (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, 2016 was \$0.561615 per \$100 of assessed value, which means that the City has a tax margin of \$ 1.938385 for each \$100 value. The City may not, however, adopt a tax rate that exceeds the rollback rate or the effective rate, whichever is lower, without first having two public hearings. If the City adopts a tax rate that exceeds the rollback tax rate, registered voters may petition the City for an election on the tax increase. A successful election limits the City's current tax rate to the rollback rate.

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: INTERFUND TRANSACTIONS

Transfers consisted of the following:

General Fund		
Transfers from CIED Fund	\$ 665,032	Program Supplement
Transfers from Capital Projects	<u>25,171</u>	Program Supplement
TOTAL GENERAL FUND	690,203	
Building Security Fund		
Transfers from General Fund	<u>17,000</u>	Program Supplement
TOTAL TRANSFERS	<u>\$ 707,203</u>	

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 6: CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended September 30, 2016 was as follows:

	<u>BEGINNING BALANCE</u>	<u>RECLASS AND ADDITIONS</u>	<u>RECLASS AND DELETIONS</u>	<u>ENDING BALANCE</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 817,346	\$ -	\$ -	\$ 817,346
Construction in Progress	<u>6,435,422</u>	<u>1,308,088</u>	<u>(7,743,510)</u>	<u>-</u>
Total Capital Assets not being Depreciated	<u>7,252,768</u>	<u>1,308,088</u>	<u>(7,743,510)</u>	<u>817,346</u>
Capital Assets being Depreciated				
Buildings	3,872,271	7,743,510	-	11,615,781
Transportation and Equipment	5,371,888	802,249	(91,494)	6,082,643
Infrastructure	<u>11,079,412</u>	<u>-</u>	<u>-</u>	<u>11,079,412</u>
Total Capital Assets being Depreciated	<u>20,323,571</u>	<u>8,545,759</u>	<u>(91,494)</u>	<u>28,777,836</u>
Less Accumulated Depreciation:				
Buildings	(1,624,798)	(93,500)	-	(1,718,298)
Transportation and Equipment	(3,922,761)	(345,010)	91,494	(4,176,277)
Infrastructure	<u>(6,865,801)</u>	<u>(169,855)</u>	<u>-</u>	<u>(7,035,656)</u>
Total Accumulated Depreciation	<u>(12,413,360)</u>	<u>(608,365)</u>	<u>91,494</u>	<u>(12,930,231)</u>
Total Capital Assets being Depreciated - Net	<u>7,910,211</u>	<u>7,937,394</u>	<u>-</u>	<u>15,847,605</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 15,162,979</u>	<u>\$ 9,245,482</u>	<u>\$ (7,743,510)</u>	<u>\$ 16,664,951</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 113,227	\$ -	\$ -	\$ 113,227
Water Rights	1,531,672	-	-	1,531,672
Construction in Progress	<u>-</u>	<u>229,152</u>	<u>-</u>	<u>229,152</u>
Total Capital Assets not being Depreciated	<u>1,644,899</u>	<u>229,152</u>	<u>-</u>	<u>1,874,051</u>
Capital Assets being Depreciated				
Buildings	25,403	-	-	25,403
Water and Wastewater System - Plant	6,730,299	173,420	-	6,903,719
Transportation and Equipment	<u>647,924</u>	<u>115,604</u>	<u>(13,347)</u>	<u>750,181</u>
Total Capital Assets being Depreciated	<u>7,403,626</u>	<u>289,024</u>	<u>(13,347)</u>	<u>7,679,303</u>
Less Accumulated Depreciation				
Buildings	(19,527)	(410)	-	(19,937)
Water and Wastewater System - Plant	(4,377,322)	(129,271)	-	(4,506,593)
Transportation and Equipment	<u>(537,734)</u>	<u>(50,772)</u>	<u>13,347</u>	<u>(575,159)</u>
Total Accumulated Depreciation	<u>(4,934,583)</u>	<u>(180,453)</u>	<u>13,347</u>	<u>(5,101,689)</u>
Total Capital Assets being Depreciated - Net	<u>2,469,043</u>	<u>108,571</u>	<u>-</u>	<u>2,577,614</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 4,113,942</u>	<u>\$ 337,723</u>	<u>\$ -</u>	<u>\$ 4,451,665</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities

Administration	\$ 85,503
Public Safety	254,894
Public Works	162,555
Parks and Recreation	32,250
Community Development	57,423
Library	<u>15,740</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES \$ 608,365

Business-Type Activities

Water and Wastewater Utilities	<u>\$ 180,453</u>
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NOTE 7: LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2016 were comprised of the following individual issues:

	BALANCE 9/30/2015	ADDITIONS	PAYMENTS	BALANCE 9/30/2016	DUE WITHIN ONE YEAR
<u>Governmental Activities</u>					
General Obligation Refunding Bonds, Series 2009 Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 945,000	\$ -	\$ (305,000)	\$ 640,000	\$315,000
Public Property Finance Contract, 2009 Original Amount of \$1,060,000 Interest Rate of 4.42%	825,000	-	(45,000)	780,000	45,000
General Obligation Bonds, Series 2012 Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	6,795,000	-	(95,000)	6,700,000	100,000
Issuance Premium	<u>117,138</u>	<u>-</u>	<u>(6,959)</u>	<u>110,179</u>	<u>6,959</u>
Subtotal	8,682,138	-	(451,959)	8,230,179	\$466,959
Compensated Absences	<u>503,313</u>	<u>104,717</u>	<u>(125,828)</u>	<u>482,202</u>	<u>120,551</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 9,185,451</u>	<u>\$ 104,717</u>	<u>\$ (577,787)</u>	<u>\$ 8,712,381</u>	<u>\$ 587,510</u>
<u>Business-Type Activities</u>					
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016 Original Amount of \$1,970,000 Interest Rate 3.125-5.00%	\$ -	\$ 1,970,000	\$ -	\$ 1,970,000	\$ 20,000
Issuance Premium	<u>-</u>	<u>116,424</u>	<u>-</u>	<u>116,424</u>	<u>3,881</u>
Subtotal	-	2,086,424	-	2,086,424	23,881
Compensated Absences	<u>70,819</u>	<u>24,227</u>	<u>(17,705)</u>	<u>77,341</u>	<u>19,335</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 70,819</u>	<u>\$ 2,110,651</u>	<u>\$ (17,705)</u>	<u>\$ 2,163,765</u>	<u>\$ 43,216</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 7: LONG-TERM DEBT (CONTINUED)

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

The General Obligation Refunding Bonds, Series 2009 were issued to refund the 1998 Certificates of Obligation and the 2000 Tax Notes which were for capital improvements and equipment. The 2009 Public Property Finance Contract was used to purchase a fire truck. The General Obligation Bonds, Series 2012 were issued for construction of new City facilities. The Certificates of Obligations Bonds, Series 2016 were issued for construction and improving the City's utility system..

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2016, including interest payments, are as follows:

YEAR ENDING SEPTEMBER 30,	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 460,000	\$ 219,505	\$ 679,505
2018	475,000	203,810	678,810
2019	440,000	193,498	633,498
2020	450,000	183,741	633,741
2021	460,000	173,536	633,536
2022-2026	2,460,000	699,941	3,159,941
2027-2031	2,780,000	348,194	3,128,194
2032	595,000	19,338	614,338
	<u>\$ 8,120,000</u>	<u>\$ 2,041,563</u>	<u>\$ 10,161,563</u>

YEAR ENDING SEPTEMBER 30,	BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2017	\$ 20,000	\$ 86,391	\$ 106,391
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
2022-2026	255,000	277,275	532,275
2027-2031	300,000	227,588	527,588
2032-2036	350,000	175,588	525,588
2037-2041	405,000	115,300	520,300
2042-2046	480,000	45,781	525,781
	<u>\$ 1,970,000</u>	<u>\$ 1,189,125</u>	<u>\$ 3,159,125</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 866 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.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty-five (25) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 6%, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	52
Active employees	<u>100</u>
Total	<u>231</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

C. Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.67% and 13.98% for calendar years 2015 and 2016 respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$738,640, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 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 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, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2014.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

These assumptions were first used in the December 31, 2014 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. 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). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	<u>100.0%</u>	

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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Discount Rate (Continued)

Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 36,740,688	\$ 34,479,169	\$ 2,261,519
Changes for the year:			
Service Cost	761,483	-	761,483
Interest	2,548,566	-	2,548,566
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(863,803)	-	(863,803)
Changes of Assumptions	149,794	-	149,794
Contributions - Employer	-	813,946	(813,946)
Contributions - Employee	-	311,658	(311,658)
Net Investment Income	-	50,874	(50,874)
Benefit Payments, Including Refunds of Employee Contributions	(1,426,682)	(1,426,682)	-
Administrative Expense	-	(30,989)	30,989
Other Changes	-	(1,531)	1,531
Net Changes	<u>1,169,358</u>	<u>(282,724)</u>	<u>1,452,082</u>
Balance at December 31, 2015	<u>\$ 37,910,046</u>	<u>\$ 34,196,445</u>	<u>\$ 3,713,601</u>

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 8,873,735	\$ 3,713,601	\$ (537,253)

Pension Plan Fiduciary Net Position

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

For the year ended September 30, 2016, the City recognized a pension expense of \$807,720.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

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

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ 1,070,069
Changes in Actuarial Assumptions	114,044	-
Difference Between Projected and Actual Investment Earnings	2,145,677	-
Contributions Subsequent to the Measurement Date	<u>498,976</u>	<u>-</u>
Total	<u>\$ 2,758,697</u>	<u>\$ 1,070,069</u>

The City reported \$498,976 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (December 31, 2015) will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ 190,351
2017	190,351
2018	368,795
2019	440,155
2020	-
Thereafter	-
Total	<u>\$ 1,189,652</u>

F. Supplemental Death Benefits Fund

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

G. Benefits

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

H. Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2016, 2015, and 2014 were \$10,576, \$10,339, and \$9,739, respectively, which equaled the required contributions each year.

NOTE 9: FUND BALANCE CATEGORIES

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Non-Spendable			
Inventory	<u>\$ 14,201</u>	<u>\$ -</u>	<u>\$ 14,201</u>
Restricted			
Public Education Grants	153,436	-	153,436
Park Bucks Program	957	-	957
Debt Service	-	320,527	320,527
State Police Forfeiture	-	6,586	6,586
Federal Police Forfeiture	-	285,844	285,844
Building Security	-	6,765	6,765
Court Technology	-	7,791	7,791
Child Safety	-	14,149	14,149
Crime Control and Prevention District	-	295,709	295,709
Street Maintenance Tax	-	1,095,061	1,095,061
	<u>154,393</u>	<u>2,032,432</u>	<u>2,186,825</u>
Committed			
Natural or Man-Made Disasters	<u>900,000</u>	<u>-</u>	<u>900,000</u>
Assigned			
Tree Mitigation and Replacement	25,275	-	25,275
Community and Conference Center	-	93,679	93,679
	<u>25,275</u>	<u>93,679</u>	<u>118,954</u>
Unassigned	<u>3,567,496</u>	<u>-</u>	<u>3,567,496</u>
TOTALS	<u>\$ 4,661,365</u>	<u>\$ 2,126,111</u>	<u>\$ 6,787,476</u>

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 10: CONTINGENCIES

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

NOTE 11: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contribution amounts. During the past three years, no settlements have exceeded insurance coverage.

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REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule – General Fund
- 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, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	BUDGET AMOUNTS		2016 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2015 ACTUAL
	ORIGINAL	FINAL			
REVENUES					
Property Taxes	\$ 3,690,905	\$ 3,690,905	\$ 3,718,246	\$ 27,341	\$ 3,434,382
Sales Taxes	2,277,100	2,277,100	2,376,173	99,073	2,242,189
Franchise Fees	959,929	959,929	983,728	23,799	898,466
Licenses, Permits, Fees and Fines	810,150	810,150	958,336	148,186	885,450
Grants	7,700	7,700	4,550	(3,150)	5,583
Other	129,520	129,520	416,194	286,674	156,976
Total Revenues	<u>7,875,304</u>	<u>7,875,304</u>	<u>8,457,227</u>	<u>581,923</u>	<u>7,623,046</u>
EXPENDITURES					
Administration					
Business Office					
Personnel Services	80,535	80,535	91,471	(10,936)	77,675
Supplies	9,130	9,130	9,669	(539)	9,145
Contracted Services	76,152	76,152	53,461	22,691	56,202
Total Business Office	<u>165,817</u>	<u>165,817</u>	<u>154,601</u>	<u>11,216</u>	<u>143,022</u>
Finance and Accounting					
Personnel Services	147,068	147,068	149,011	(1,943)	142,661
Supplies	5,900	5,900	3,378	2,522	5,092
Contracted Services	71,705	71,705	57,405	14,300	66,431
Total Finance and Accounting	<u>224,673</u>	<u>224,673</u>	<u>209,794</u>	<u>14,879</u>	<u>214,184</u>
Council and Manager					
Personnel Services	337,767	348,403	350,354	(1,951)	259,917
Supplies	54,226	54,226	148,754	(94,528)	23,248
Contracted Services	228,973	228,973	160,551	68,422	249,671
Capital Outlay	187,503	187,503	64,311	123,192	10,393
Total Council and Manager	<u>808,469</u>	<u>819,105</u>	<u>723,970</u>	<u>95,135</u>	<u>543,229</u>
Total Administration	<u>1,198,959</u>	<u>1,209,595</u>	<u>1,088,365</u>	<u>121,230</u>	<u>900,435</u>
Public Safety					
Law Enforcement Administration					
Personnel Services	178,758	178,758	197,830	(19,072)	266,891
Supplies	4,950	4,950	13,811	(8,861)	24,852
Contracted Services	47,228	47,228	16,225	31,003	56,743
Total Law Enforcement Administration	<u>230,936</u>	<u>230,936</u>	<u>227,866</u>	<u>3,070</u>	<u>348,486</u>
Law Enforcement Patrol					
Personnel Services	1,169,918	1,169,918	1,120,586	49,332	1,155,661
Supplies	84,000	84,000	63,258	20,742	95,042
Contracted Services	30,700	30,700	27,188	3,512	15,063
Total Law Enforcement Patrol	<u>1,284,618</u>	<u>1,284,618</u>	<u>1,211,032</u>	<u>73,586</u>	<u>1,265,766</u>
Law Enforcement Communications					
Personnel Services	-	-	-	-	271,461
Supplies	-	-	-	-	1,058
Contracted Services	-	-	-	-	10,951
Total Law Enforcement Communications	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,470</u>

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL- GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	BUDGET AMOUNTS		2016 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2015 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Public Safety (Continued)					
Law Enforcement Investigations					
Personnel Services	\$ 238,371	\$ 238,371	\$ 164,303	\$ 74,068	\$ 164,354
Supplies	2,700	2,700	4,588	(1,888)	2,375
Contracted Services	5,350	5,350	1,853	3,497	541
Total Law Enforcement Investigations	246,421	246,421	170,744	75,677	167,270
Law Enforcement Narcotics					
Personnel Services	146,978	146,978	141,298	5,680	72,678
Contracted Services	136	136	132	4	109
Total Law Enforcement Narcotics	147,114	147,114	141,430	5,684	72,787
Fire Protection Administration					
Personnel Services	227,905	227,905	231,448	(3,543)	218,760
Supplies	5,914	5,914	5,369	545	57,271
Contracted Services	31,923	31,923	50,282	(18,359)	27,030
Capital Outlay	45,477	45,477	45,476	1	-
Total Fire Protection Administration	311,219	311,219	332,575	(21,356)	303,061
Fire Protection Operations					
Personnel Services	1,751,536	1,757,888	1,704,375	53,513	1,676,299
Supplies	31,237	31,237	42,852	(11,615)	31,194
Contracted Services	78,630	78,630	85,297	(6,667)	86,131
Capital Outlay	9,400	528,538	522,629	5,909	-
Total Fire Protection Operations	1,870,803	2,396,293	2,355,153	41,140	1,793,624
Emergency Medical Services					
Supplies	39,610	39,610	40,090	(480)	40,390
Contracted Services	68,576	68,576	53,657	14,919	65,307
Total Emergency Medical Services	108,186	108,186	93,747	14,439	105,697
Total Public Safety	4,199,297	4,724,787	4,532,547	192,240	4,340,161
Public Works					
Personnel Services	759,423	796,301	685,638	110,663	739,868
Supplies	172,300	172,300	278,710	(106,410)	164,266
Contracted Services	283,415	402,100	355,310	46,790	243,485
Capital Outlay	120,000	157,500	36,821	120,679	-
Total Public Works	1,335,138	1,528,201	1,356,479	171,722	1,147,619
Parks and Recreation					
Personnel Services	91,182	91,182	42,460	48,722	63,115
Supplies	19,000	19,000	21,338	(2,338)	28,859
Contracted Services	76,690	76,690	134,631	(57,941)	50,820
Capital Outlay	51,500	51,500	-	51,500	-
Total Parks and Recreation	238,372	238,372	198,429	39,943	142,794

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	BUDGET AMOUNTS		2016 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2015 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Library					
Personnel Services	\$ 272,747	\$ 272,747	\$ 269,133	\$ 3,614	\$ 247,120
Supplies	24,314	24,314	39,890	(15,576)	30,876
Contracted Services	46,249	46,249	37,759	8,490	39,053
Capital Outlay	20,000	20,000	-	20,000	-
Total Library	<u>363,310</u>	<u>363,310</u>	<u>346,782</u>	<u>16,528</u>	<u>317,049</u>
Communications					
Personnel Services	424,190	380,960	192,837	188,123	-
Supplies	7,300	7,300	3,894	3,406	-
Contracted Services	35,000	35,000	152,062	(117,062)	-
Capital Outlay	23,440	23,440	-	23,440	-
Total Communications	<u>489,930</u>	<u>446,700</u>	<u>348,793</u>	<u>97,907</u>	<u>-</u>
Development Activities					
Community Development/Events					
Personnel Services	110,097	110,097	106,499	3,598	96,624
Supplies	5,400	5,400	3,618	1,782	5,173
Contracted Services	104,243	104,243	110,483	(6,240)	115,812
Total Community Development/Events	<u>219,740</u>	<u>219,740</u>	<u>220,600</u>	<u>(860)</u>	<u>217,609</u>
Special Events					
Personnel Services	12,445	12,445	11,654	791	8,850
Supplies	77,900	140,074	111,942	28,132	55,515
Contracted Services	22,500	5,000	5,000	-	30,000
Total Special Events	<u>112,845</u>	<u>157,519</u>	<u>128,596</u>	<u>28,923</u>	<u>94,365</u>
Economic Development					
Personnel Services	130,230	147,730	84,583	63,147	113,709
Supplies	5,025	(12,475)	3,008	(15,483)	3,989
Contracted Services	112,243	112,243	37,060	75,183	38,118
Total Economic Development	<u>247,498</u>	<u>247,498</u>	<u>124,651</u>	<u>122,847</u>	<u>155,816</u>
Total Development Activities	<u>580,083</u>	<u>624,757</u>	<u>473,847</u>	<u>150,910</u>	<u>467,790</u>
Total Expenditures	<u>8,405,089</u>	<u>9,135,722</u>	<u>8,345,242</u>	<u>790,480</u>	<u>7,315,848</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(529,785)</u>	<u>(1,260,418)</u>	<u>111,985</u>	<u>1,372,403</u>	<u>307,198</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	690,203	690,203	-
Transfers Out	(17,000)	(17,000)	(17,000)	-	(257,479)
Total Other Financing Sources (Uses)	<u>(17,000)</u>	<u>(17,000)</u>	<u>673,203</u>	<u>690,203</u>	<u>(257,479)</u>
Net Change in Fund Balance	(546,785)	(1,277,418)	785,188	2,062,606	49,719
FUND BALANCE - BEGINNING	<u>3,876,177</u>	<u>3,876,177</u>	<u>3,876,177</u>	<u>-</u>	<u>3,826,458</u>
FUND BALANCE - ENDING	<u>\$ 3,329,392</u>	<u>\$ 2,598,759</u>	<u>\$ 4,661,365</u>	<u>\$ 2,062,606</u>	<u>\$ 3,876,177</u>

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STREET MAINTENANCE TAX FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 609,416	\$ 583,543	\$ (25,873)	\$ 549,731
Interest	-	1,003	1,003	354
Miscellaneous	-	37,766	37,766	170,747
Total Revenues	<u>609,416</u>	<u>622,312</u>	<u>12,896</u>	<u>720,832</u>
<u>EXPENDITURES</u>				
Current				
Public Works	<u>1,284,918</u>	<u>174,124</u>	<u>1,110,794</u>	<u>1,091,045</u>
Net Change In Fund Balance	(675,502)	448,188	1,123,690	(370,213)
<u>FUND BALANCE - BEGINNING</u>	<u>646,873</u>	<u>646,873</u>	<u>-</u>	<u>1,017,086</u>
FUND BALANCE - ENDING	<u>\$ (28,629)</u>	<u>\$ 1,095,061</u>	<u>\$ 1,123,690</u>	<u>\$ 646,874</u>

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

	<u>2015</u>	<u>2016</u>
Total Pension Liability		
Service Cost	\$ 645,011	\$ 761,483
Interest (on the Total Pension Liability)	2,491,971	2,548,566
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(806,336)	(863,803)
Change of Assumptions	-	149,794
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,734,074)</u>	<u>(1,426,682)</u>
Net Change in Total Pension Liability	596,572	1,169,358
Total Pension Liability - Beginning	<u>36,144,116</u>	<u>36,740,688</u>
Total Pension Liability - Ending (a)	<u>\$ 36,740,688</u>	<u>\$ 37,910,046</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 769,208	\$ 813,946
Contributions - Employee	282,279	311,658
Net Investment Income	1,903,667	50,874
Benefit Payments, Including Refunds of Employee Contributions	(1,734,074)	(1,426,682)
Administrative Expense	(19,877)	(30,989)
Other	<u>(1,634)</u>	<u>(1,531)</u>
Net Change in Plan Fiduciary Net Position	1,199,569	(282,724)
Plan Fiduciary Net Position - Beginning	<u>33,279,600</u>	<u>34,479,169</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 34,479,169</u>	<u>\$ 34,196,445</u>
Net Pension Liability (a) - (b)	<u>\$ 2,261,519</u>	<u>\$ 3,713,601</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.84%	90.20%
Covered Employee Payroll	\$ 4,704,649	\$ 5,194,294
Net Pension Liability as a Percentage of Total Covered Employee Payroll	48.07%	71.49%

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

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2016

NOTE 1: BUDGETARY INFORMATION

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

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

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% 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. RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality	

Other Information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

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

FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUND

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

CITY OF LEON VALLEY, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>COMMUNITY CENTER</u>	<u>GRANTS</u>	<u>CRIME CONTROL AND PREVENTION DISTRICT</u>	<u>CHILD SAFETY</u>	<u>STATE POLICE FORFEITURE</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 115,939	\$ 1,299	\$ 252,908	\$ 13,564	\$ 6,586
Accounts Receivable - Net of Allowance					
Property Taxes	-	-	-	-	-
Special Assessment	-	-	-	-	-
Other	14,425	-	-	1,042	-
Due from Other Governments	-	-	50,150	-	-
	<u>-</u>	<u>-</u>	<u>50,150</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 130,364</u>	<u>\$ 1,299</u>	<u>\$ 303,058</u>	<u>\$ 14,606</u>	<u>\$ 6,586</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 3,371	\$ -	\$ -	\$ -	\$ -
Accrued Expenditures	1,145	-	7,349	457	-
Deposits Payable	33,468	-	-	-	-
Total Liabilities	<u>37,984</u>	<u>-</u>	<u>7,349</u>	<u>457</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>					
Restricted	-	-	295,709	14,149	6,586
Assigned	92,380	1,299	-	-	-
Total Fund Balances	<u>92,380</u>	<u>1,299</u>	<u>295,709</u>	<u>14,149</u>	<u>6,586</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 130,364</u>	<u>\$ 1,299</u>	<u>\$ 303,058</u>	<u>\$ 14,606</u>	<u>\$ 6,586</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>CIED</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ 285,844	\$ 7,182	\$ 7,791	\$ -	\$ 320,501	\$ 1,011,614
-	-	-	-	24,553	24,553
-	-	-	-	11,744	11,744
-	-	-	-	26	15,493
-	-	-	-	-	50,150
<u>\$ 285,844</u>	<u>\$ 7,182</u>	<u>\$ 7,791</u>	<u>\$ -</u>	<u>\$ 356,824</u>	<u>\$ 1,113,554</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,371
-	417	-	-	-	9,368
-	-	-	-	-	33,468
-	417	-	-	-	46,207
-	-	-	-	36,297	36,297
285,844	6,765	7,791	-	320,527	937,371
-	-	-	-	-	93,679
<u>285,844</u>	<u>6,765</u>	<u>7,791</u>	<u>-</u>	<u>320,527</u>	<u>1,031,050</u>
<u>\$ 285,844</u>	<u>\$ 7,182</u>	<u>\$ 7,791</u>	<u>\$ -</u>	<u>\$ 356,824</u>	<u>\$ 1,113,554</u>

CITY OF LEON VALLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>COMMUNITY CENTER</u>	<u>GRANTS</u>	<u>CRIME CONTROL AND PREVENTION DISTRICT</u>	<u>CHILD SAFETY</u>	<u>STATE POLICE FORFEITURE</u>
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	89,170	-	284,994	-	-
Fines and Forfeitures	-	-	-	14,492	-
Grants	-	2,844	-	-	-
Rent	67,691	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	11,511
Total Revenues	<u>156,861</u>	<u>2,844</u>	<u>284,994</u>	<u>14,492</u>	<u>11,511</u>
<u>EXPENDITURES</u>					
Current					
Administration	-	-	-	-	-
Public Safety	-	2,066	238,568	12,909	8,390
Community Development	175,918	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	<u>175,918</u>	<u>2,066</u>	<u>238,568</u>	<u>12,909</u>	<u>8,390</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,057)	778	46,426	1,583	3,121
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(19,057)	778	46,426	1,583	3,121
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>111,437</u>	<u>521</u>	<u>249,283</u>	<u>12,566</u>	<u>3,465</u>
FUND BALANCES AT END OF YEAR	<u>\$ 92,380</u>	<u>\$ 1,299</u>	<u>\$ 295,709</u>	<u>\$ 14,149</u>	<u>\$ 6,586</u>

FEDERAL POLICE FORFEITURE	BUILDING SECURITY	COURT TECHNOLOGY	CIED	DEBT SERVICE SERVICE	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 714,161	\$ 714,161
-	-	-	-	-	374,164
152,607	10,081	13,403	-	-	190,583
-	-	-	-	-	2,844
-	-	-	-	-	67,691
683	-	-	190	-	873
-	-	-	-	-	11,511
<u>153,290</u>	<u>10,081</u>	<u>13,403</u>	<u>190</u>	<u>714,161</u>	<u>1,361,827</u>
-	-	11,420	-	-	11,420
71,947	21,798	-	-	-	355,678
-	-	-	-	-	175,918
133,012	-	-	-	-	133,012
-	-	-	-	445,000	445,000
-	-	-	-	233,370	233,370
-	-	-	-	2,000	2,000
<u>204,959</u>	<u>21,798</u>	<u>11,420</u>	<u>-</u>	<u>680,370</u>	<u>1,356,398</u>
(51,669)	(11,717)	1,983	190	33,791	5,429
-	17,000	-	-	-	17,000
-	-	-	(665,032)	-	(665,032)
-	17,000	-	(665,032)	-	(648,032)
(51,669)	5,283	1,983	(664,842)	33,791	(642,603)
<u>337,513</u>	<u>1,482</u>	<u>5,808</u>	<u>664,842</u>	<u>286,736</u>	<u>1,673,653</u>
<u>\$ 285,844</u>	<u>\$ 6,765</u>	<u>\$ 7,791</u>	<u>\$ -</u>	<u>\$ 320,527</u>	<u>\$ 1,031,050</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Hotel/Motel Taxes	\$ 95,000	\$ 89,170	\$ (5,830)	\$ 95,573
Rent	90,000	67,691	(22,309)	86,661
Total Revenues	<u>185,000</u>	<u>156,861</u>	<u>(28,139)</u>	<u>182,234</u>
<u>EXPENDITURES</u>				
Current				
Community Development	<u>198,200</u>	<u>175,918</u>	<u>22,282</u>	<u>156,934</u>
Total Expenditures	<u>198,200</u>	<u>175,918</u>	<u>22,282</u>	<u>156,934</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	-	-	(20,000)
Net Change In Fund Balance	(13,200)	(19,057)	(50,421)	5,300
<u>FUND BALANCE - BEGINNING</u>	<u>111,437</u>	<u>111,437</u>	<u>-</u>	<u>106,137</u>
FUND BALANCE - ENDING	<u>\$ 98,237</u>	<u>\$ 92,380</u>	<u>\$ (50,421)</u>	<u>\$ 111,437</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Grants	\$ 2,781	\$ 2,844	\$ 63	\$ 3,269
<u>EXPENDITURES</u>				
Current				
Public Safety	2,781	2,066	715	2,748
Net Change In Fund Balance	-	778	778	521
<u>FUND BALANCE - BEGINNING</u>	<u>521</u>	<u>521</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 521</u>	<u>\$ 1,299</u>	<u>\$ 778</u>	<u>\$ 521</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CRIME CONTROL PREVENTION FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Sales Taxes	<u>\$ 230,000</u>	<u>\$ 284,994</u>	<u>\$ 54,994</u>	<u>\$ 258,121</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>248,500</u>	<u>238,568</u>	<u>9,932</u>	<u>123,350</u>
Net Change In Fund Balance	(18,500)	46,426	64,926	134,771
<u>FUND BALANCE - BEGINNING</u>	<u>249,283</u>	<u>249,283</u>	<u>-</u>	<u>114,512</u>
FUND BALANCE - ENDING	<u>\$ 230,783</u>	<u>\$ 295,709</u>	<u>\$ 64,926</u>	<u>\$ 249,283</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Forfeitures	<u>\$ 12,000</u>	<u>\$ 14,492</u>	<u>\$ 2,492</u>	<u>\$ 13,621</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>14,714</u>	<u>12,909</u>	<u>1,805</u>	<u>13,709</u>
Net Change in Fund Balance	(2,714)	1,583	4,297	(88)
<u>FUND BALANCE - BEGINNING</u>	<u>12,566</u>	<u>12,566</u>	<u>-</u>	<u>12,654</u>
FUND BALANCE - ENDING	<u>\$ 9,852</u>	<u>\$ 14,149</u>	<u>\$ 4,297</u>	<u>\$ 12,566</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STATE POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Miscellaneous	<u>\$ 10,800</u>	<u>\$ 11,511</u>	<u>\$ 711</u>	<u>\$ -</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>10,800</u>	<u>8,390</u>	<u>\$ (2,410)</u>	<u>-</u>
Net Change In Fund Balance	-	3,121	3,121	-
<u>FUND BALANCE - BEGINNING</u>	<u>3,465</u>	<u>3,465</u>	<u>-</u>	<u>3,465</u>
FUND BALANCE - ENDING	<u>\$ 3,465</u>	<u>\$ 6,586</u>	<u>\$ 3,121</u>	<u>\$ 3,465</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FEDERAL POLICE FORFEITURE FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL BUDGET	FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	\$ -	\$ -	\$ 152,607	\$ 152,607	\$ 231,910
Interest	-	-	683	683	122
Total Revenues	<u>-</u>	<u>-</u>	<u>153,290</u>	<u>153,290</u>	<u>232,032</u>
<u>EXPENDITURES</u>					
Current					
Public Safety	44,800	67,667	71,947	(4,280)	107,884
Capital Outlay	<u>140,100</u>	<u>140,100</u>	<u>133,012</u>	<u>7,088</u>	<u>-</u>
Total Expenditures	<u>184,900</u>	<u>207,767</u>	<u>204,959</u>	<u>2,808</u>	<u>107,884</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	-	-	-	-	(50,000)
Net Change In Fund Balance	(184,900)	(207,767)	(51,669)	150,482	74,148
<u>FUND BALANCE - BEGINNING</u>	<u>337,513</u>	<u>337,513</u>	<u>337,513</u>	<u>-</u>	<u>263,365</u>
FUND BALANCE - ENDING	<u>\$ 152,613</u>	<u>\$ 129,746</u>	<u>\$ 285,844</u>	<u>\$ 150,482</u>	<u>\$ 337,513</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING SECURITY FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Forfeitures	\$ 7,600	\$ 10,081	\$ 2,481	\$ 7,940
<u>EXPENDITURES</u>				
Current				
Public Safety	24,200	21,798	2,402	21,224
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	17,000	17,000	-	10,000
Net Change in Fund Balance	400	5,283	4,883	(3,284)
<u>FUND BALANCE - BEGINNING</u>	1,482	1,482	-	4,766
FUND BALANCE - ENDING	\$ 1,882	\$ 6,765	\$ 4,883	\$ 1,482

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Forfeitures	\$ 9,500	\$ 13,403	\$ 3,903	\$ 10,572
<u>EXPENDITURES</u>				
Current				
Administration	11,500	11,420	80	17,264
Total Expenditures	11,500	11,420	80	17,264
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	-	-	(30,000)
Net Change In Fund Balance	(2,000)	1,983	3,823	(36,692)
<u>FUND BALANCE - BEGINNING</u>	<u>5,808</u>	<u>5,808</u>	<u>-</u>	<u>42,500</u>
 FUND BALANCE - ENDING	 <u>\$ 3,808</u>	 <u>\$ 7,791</u>	 <u>\$ 3,823</u>	 <u>\$ 5,808</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CIED FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL AND FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>				
Franchise Fees	\$ -	\$ -	\$ -	\$ 75,895
Interest	-	190	190	414
Total Revenues	<u>-</u>	<u>190</u>	<u>190</u>	<u>76,309</u>
<u>EXPENDITURES</u>				
Current				
Administration	-	-	-	43,815
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,815</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(665,057)	(665,032)	(25)	(163,324)
Net Change In Fund Balance	(665,057)	(664,842)	165	(130,830)
<u>FUND BALANCE - BEGINNING</u>	<u>664,842</u>	<u>664,842</u>	<u>-</u>	<u>795,672</u>
FUND BALANCE - ENDING	<u>\$ (215)</u>	<u>\$ -</u>	<u>\$ 165</u>	<u>\$ 664,842</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2016 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2015 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Property Taxes	\$ 683,397	\$ 714,161	\$ 30,764	\$ 708,686
<u>EXPENDITURES</u>				
Debt Service				
Principal	445,000	445,000	-	430,000
Interest	233,371	233,370	1	245,946
Fiscal Agent Fees	<u>2,250</u>	<u>2,000</u>	<u>250</u>	<u>2,250</u>
Total Expenditures	<u>680,621</u>	<u>680,370</u>	<u>251</u>	<u>678,196</u>
Net Change In Fund Balance	2,776	33,791	31,015	30,490
<u>FUND BALANCE - BEGINNING</u>	<u>286,736</u>	<u>286,736</u>	<u>-</u>	<u>256,246</u>
FUND BALANCE - ENDING	<u>\$ 289,512</u>	<u>\$ 320,527</u>	<u>\$ 31,015</u>	<u>\$ 286,736</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED SEPTEMBER 30, 2016
(WITH COMPARATIVE ACTUAL TOTALS FOR 2015)

	ORIGINAL BUDGET	FINAL BUDGET	2016 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2015 ACTUAL AMOUNTS
<u>REVENUES</u>					
Interest	\$ 500	\$ 500	\$ 872	\$ 372	\$ 1,302
<u>EXPENDITURES</u>					
Capital Outlay	1,681,128	3,683,239	1,308,088	2,375,151	3,398,408
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	580,803
Transfers Out	-	-	(25,171)	25,171	-
Net Change In Fund Balance	(1,680,628)	(3,682,739)	(1,332,387)	(2,349,608)	(2,816,303)
<u>FUND BALANCE - BEGINNING</u>	1,332,387	1,332,387	1,332,387	-	4,148,690
FUND BALANCE - ENDING	\$ (348,241)	\$ (2,350,352)	\$ -	\$ (2,349,608)	\$ 1,332,387

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET - COMPONENT UNIT
SEPTEMBER 30, 2016

	<u>COMPONENT UNIT ECONOMIC DEVELOPMENT CORPORATION</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 382,492
Due from Other Governments	<u>53,038</u>
TOTAL ASSETS	<u>\$ 435,530</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Bank Overdraft	\$ 80,127
Accrued Expenditures	<u>5,237</u>
Total Liabilities	<u>85,364</u>
<u>FUND BALANCE</u>	
Unassigned	<u>350,166</u>
Total Fund Balance	<u>350,166</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 435,530</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COMPONENT UNIT
YEAR ENDED SEPTEMBER 30, 2016

	<u>COMPONENT</u> <u>UNIT</u> <u>ECONOMIC</u> <u>DEVELOPMENT</u> <u>CORPORATION</u>
<u>REVENUES</u>	
Sales Taxes	\$ 291,662
Interest	166
Miscellaneous Revenue	<u>14,209</u>
Total Revenues	<u>306,037</u>
 <u>OPERATING EXPENDITURES</u>	
General and Administrative	<u>322,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,667)</u>
 <u>FUND BALANCE AT BEGINNING OF YEAR</u>	 <u>366,833</u>
FUND BALANCE AT END OF YEAR	<u>\$ 350,166</u>

STATISTICAL SECTION

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STATISTICAL SECTION

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

Contents Tables

Financial Trends 1 through 5

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

Revenue Capacity 6 through 11

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

Debt Capacity 12 through 16

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

Demographic and Economic Information 17 through 18

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

Operating Information 19 through 20

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 5,740,687	\$ 5,926,527	\$ 6,147,970	\$ 6,213,549	\$ 5,639,798
Restricted	201,168	264,984	193,145	132,581	101,101
Unrestricted	<u>2,904,940</u>	<u>3,644,114</u>	<u>3,707,802</u>	<u>4,180,108</u>	<u>4,686,001</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 8,846,795</u>	 <u>\$ 9,835,625</u>	 <u>\$ 10,048,917</u>	 <u>\$ 10,526,238</u>	 <u>\$ 10,426,900</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 3,783,149	\$ 3,645,700	\$ 3,635,029	\$ 3,897,305	\$ 4,138,854
Restricted	296,316	183,614	323,508	339,733	568,056
Unrestricted	<u>1,175,101</u>	<u>1,699,540</u>	<u>1,982,058</u>	<u>2,147,223</u>	<u>2,137,671</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 5,254,566</u>	 <u>\$ 5,528,854</u>	 <u>\$ 5,940,595</u>	 <u>\$ 6,384,261</u>	 <u>\$ 6,844,581</u>
<u>PRIMARY GOVERNMENT</u>					
Net Investment in Capital Assets	\$ 9,523,836	\$ 9,572,227	\$ 9,782,999	\$ 10,110,854	\$ 9,778,652
Restricted	497,484	448,598	516,653	472,314	669,157
Unrestricted	<u>4,080,041</u>	<u>5,343,654</u>	<u>5,689,860</u>	<u>6,327,331</u>	<u>6,823,672</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 14,101,361</u>	 <u>\$ 15,364,479</u>	 <u>\$ 15,989,512</u>	 <u>\$ 16,910,499</u>	 <u>\$ 17,271,481</u>

TABLE 1

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

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
Administration	\$ 765,492	\$ 779,729	\$ 805,391	\$ 940,156
Public Safety	4,231,521	4,193,145	4,439,516	4,525,947
Public Works	1,299,599	1,163,379	1,535,333	1,624,573
Parks and Recreation	86,603	128,203	100,777	144,742
Library	251,388	249,227	281,725	274,701
Communications	-	-	-	-
Community Development	604,406	583,206	680,352	664,712
Interest on Long-Term Debt	165,231	154,669	187,862	122,184
Total Governmental Activities	<u>7,404,240</u>	<u>7,251,558</u>	<u>8,030,956</u>	<u>8,297,015</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	<u>2,211,014</u>	<u>2,367,414</u>	<u>2,357,800</u>	<u>2,631,544</u>
Total Primary Government Expenses	<u>9,615,254</u>	<u>9,618,972</u>	<u>10,388,756</u>	<u>10,928,559</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
Administration	206,565	171,923	333,606	330,541
Public Safety	1,281,684	1,566,669	1,265,691	1,589,362
Parks and Recreation	11,110	12,375	12,145	15,010
Library	2,911	2,936	2,358	1,987
Communications	-	-	-	-
Community Development	127,078	112,260	133,177	97,399
Operating Grants and Contributions	70,218	-	127,151	9,953
Capital Grants and Contributions	552,430	-	59,499	218,790
Total Governmental Activities Program Revenues	<u>2,251,996</u>	<u>1,866,163</u>	<u>1,933,627</u>	<u>2,263,042</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	<u>2,227,540</u>	<u>2,508,220</u>	<u>2,638,172</u>	<u>2,840,701</u>
Total Primary Government Program Revenues	<u>4,479,536</u>	<u>4,374,383</u>	<u>4,571,799</u>	<u>5,103,743</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (5,152,244)	\$ (5,385,395)	\$ (6,097,329)	\$ (6,033,973)
Business-Type Activities	<u>16,526</u>	<u>140,806</u>	<u>280,372</u>	<u>209,157</u>
Total Primary Government Net Expenses	<u>(5,135,718)</u>	<u>(5,244,589)</u>	<u>(5,816,957)</u>	<u>(5,824,816)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	3,112,736	3,427,337	3,573,352	3,552,821
Franchise Taxes	607,967	639,332	656,329	2,207,901
Sales Taxes	1,781,223	1,927,881	2,045,615	677,001
Interest and Investment Earnings	204,546	128,903	35,325	8,546
Miscellaneous	74,513	164,229	-	11,025
Transfers	-	-	-	54,000
Total Governmental Activities	<u>5,780,985</u>	<u>6,287,682</u>	<u>6,310,621</u>	<u>6,511,294</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	73,948	44,841	14,634	4,444
Miscellaneous	15,634	53,137	32,953	44,575
Impact Fees	89,901	35,504	83,782	239,490
Transfers	-	-	-	(54,000)
Total Business-Type Activities	<u>179,483</u>	<u>133,482</u>	<u>131,369</u>	<u>234,509</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	628,741	902,287	213,292	477,321
Business-Type Activities	<u>196,009</u>	<u>274,288</u>	<u>411,741</u>	<u>443,666</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 824,750</u>	<u>\$ 1,176,575</u>	<u>\$ 625,033</u>	<u>\$ 920,987</u>

TABLE 2

2011	2012	2013	2014	2015	2016
\$ 849,230	\$ 764,140	\$ 910,636	\$ 828,573	\$ 983,952	\$ 1,125,550
4,502,741	4,344,695	4,335,920	4,536,351	4,701,582	4,598,579
1,715,642	1,714,581	1,140,612	1,650,987	2,363,083	1,492,449
135,728	117,840	113,792	186,386	169,947	228,169
264,260	322,688	322,587	302,721	320,572	367,252
-	-	-	-	-	355,508
666,326	610,394	566,113	641,724	676,880	880,111
117,639	107,645	275,120	248,324	239,237	205,890
<u>8,251,566</u>	<u>7,981,983</u>	<u>7,664,780</u>	<u>8,395,066</u>	<u>9,455,253</u>	<u>9,253,508</u>
<u>2,796,812</u>	<u>3,218,973</u>	<u>3,282,774</u>	<u>3,365,772</u>	<u>3,481,521</u>	<u>3,752,522</u>
<u>11,048,378</u>	<u>11,200,956</u>	<u>10,947,554</u>	<u>11,760,838</u>	<u>12,936,774</u>	<u>13,006,030</u>
288,791	595,568	298,947	284,034	258,388	537,825
1,082,149	849,832	833,662	803,036	694,303	724,018
16,790	16,186	15,544	15,586	13,850	15,632
3,102	2,329	1,972	3,490	3,521	4,249
-	-	-	-	-	-
118,723	119,382	97,193	168,648	166,775	167,074
49,602	117,275	82,626	95,028	240,763	160,001
81,683	-	372,585	-	170,747	37,766
<u>1,640,840</u>	<u>1,700,572</u>	<u>1,702,529</u>	<u>1,369,822</u>	<u>1,548,347</u>	<u>1,646,565</u>
<u>3,115,598</u>	<u>3,039,389</u>	<u>3,291,009</u>	<u>3,275,292</u>	<u>3,481,570</u>	<u>3,683,776</u>
<u>4,756,438</u>	<u>4,739,961</u>	<u>4,993,538</u>	<u>4,645,114</u>	<u>5,029,917</u>	<u>5,330,341</u>
\$ (6,610,726)	\$ (6,281,411)	\$ (5,962,251)	\$ (7,025,244)	\$ (7,906,906)	\$ (7,606,943)
318,786	(179,584)	8,235	(90,480)	49	(68,746)
<u>(6,291,940)</u>	<u>(6,460,995)</u>	<u>(5,954,016)</u>	<u>(7,115,724)</u>	<u>(7,906,857)</u>	<u>(7,675,689)</u>
3,522,321	3,550,430	3,834,233	4,021,701	4,122,721	4,440,697
728,548	708,434	701,468	895,174	974,361	1,072,898
2,253,347	2,327,969	3,675,763	3,009,369	3,145,614	3,244,710
7,172	6,795	12,804	4,277	4,678	17,663
-	6,007	20,138	26,879	21,896	27,995
-	-	-	20,000	70,000	-
<u>6,511,388</u>	<u>6,599,635</u>	<u>8,244,406</u>	<u>7,977,400</u>	<u>8,339,270</u>	<u>8,803,963</u>
3,827	3,374	2,579	889	1,270	11,987
56,453	35,609	5,914	144,390	84,682	116,200
81,254	22,593	20,417	-	-	-
-	-	-	(20,000)	(70,000)	-
<u>141,534</u>	<u>61,576</u>	<u>28,910</u>	<u>125,279</u>	<u>15,952</u>	<u>128,187</u>
(99,338)	318,224	2,282,155	952,156	432,364	1,197,020
460,320	(118,008)	37,145	34,799	16,001	59,441
<u>\$ 360,982</u>	<u>\$ 200,216</u>	<u>\$ 2,319,300</u>	<u>\$ 986,955</u>	<u>\$ 448,365</u>	<u>\$ 1,256,461</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>GENERAL FUND</u>					
Reserved	\$ 99,626	\$ 163,442	\$ 192,916	\$ 132,581	\$ -
Unreserved	2,557,994	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
TOTAL GENERAL FUND	<u>\$ 2,657,620</u>	<u>\$ 2,877,009</u>	<u>\$ 4,123,803</u>	<u>\$ 3,199,031</u>	<u>\$ 3,309,864</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>					
Reserved	\$ 101,542	\$ 131,748	\$ 154,429	\$ 165,926	\$ -
Unreserved, Reported in:					
Special Revenue Funds	707,371	1,251,752	1,047,443	1,272,358	-
Capital Project Funds	-	-	-	-	-
Nonspendable	-	-	-	-	805
Restricted	-	-	-	-	1,245,121
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	73,307
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 808,913</u>	<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 previous years has not been restated.

TABLE 3

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
51,278	54,278	54,631	56,442	14,201
49,642	101,977	90,494	114,962	154,393
800,000	900,000	900,000	900,000	900,000
14,135	139,135	25,275	25,275	25,275
<u>2,400,386</u>	<u>2,456,717</u>	<u>2,756,058</u>	<u>2,779,498</u>	<u>3,567,496</u>
<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>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
757	819	1,310	1,990	-
8,136,892	8,419,977	5,862,738	2,874,942	2,032,432
-	-	795,672	664,842	-
-	-	105,373	111,139	93,679
<u>486,730</u>	<u>1,413,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>REVENUES</u>				
Property Taxes	\$ 3,134,228	\$ 3,432,977	\$ 3,552,049	\$ 3,505,728
Nonproperty Taxes	1,781,223	1,927,881	2,045,615	2,207,900
Grants/Intergovernmental	1,151,487	1,302,881	1,395,492	228,508
Licenses, Permits, Fees and Fines	1,085,494	1,277,505	992,486	2,642,310
CIED	-	-	-	-
Other	<u>985,829</u>	<u>298,795</u>	<u>226,942</u>	<u>88,796</u>
Total Revenues	<u>8,138,261</u>	<u>8,240,039</u>	<u>8,212,584</u>	<u>8,673,242</u>
<u>EXPENDITURES</u>				
Administrative	712,894	739,653	706,874	919,564
Public Safety	4,082,514	4,113,988	4,142,609	5,246,693
Public Works	1,235,456	1,092,333	1,427,627	1,446,744
Parks and Recreation	109,259	101,383	111,614	153,947
Library	233,607	241,305	256,967	266,327
Communications	-	-	-	-
Community Development	579,800	554,418	622,721	629,371
Capital Outlay	522,089	177,273	173,202	337,443
Debt Service				
Principal	265,000	275,000	580,000	265,000
Interest	167,569	155,710	111,090	140,513
Fiscal Agent Fees and Bond Issue Costs	<u>1,000</u>	<u>1,000</u>	<u>119,361</u>	<u>10,000</u>
Total Expenditures	<u>7,909,188</u>	<u>7,452,063</u>	<u>8,252,065</u>	<u>9,415,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>229,073</u>	<u>787,976</u>	<u>(39,481)</u>	<u>(742,360)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	6,000	10,360	-
Transfers In	18,000	318,000	10,000	72,000
Transfers Out	(18,000)	(318,000)	(10,000)	(18,000)
Proceeds from Tax Notes	-	-	-	-
Proceeds from Bonds	-	-	1,060,000	-
Bond Premium	-	-	44,287	-
Proceeds from Refunding Bonds	-	-	2,575,000	-
Payments to Refunding Bonds	-	-	(2,585,000)	-
Escrow Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,000</u>	<u>1,104,647</u>	<u>54,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ 229,073</u>	<u>\$ 793,976</u>	<u>\$ 1,065,166</u>	<u>\$ (688,360)</u>
Debt Service as a Percentage of Noncapital Expenditures	5.86%	5.92%	8.55%	4.47%

TABLE 4

2011	2012	2013	2014	2015	2016
\$ 3,546,031	\$ 3,544,081	\$ 3,809,355	\$ 4,012,433	\$ 4,143,068	\$ 4,432,407
2,253,347	2,327,969	2,503,411	3,009,369	3,145,614	3,333,880
89,868	6,122	4,523	8,104	8,852	7,394
2,154,692	1,860,659	1,858,150	1,988,654	2,123,854	2,132,647
-	379,918	1,172,352	-	-	-
131,999	175,109	456,679	299,392	416,576	535,910
<u>8,175,937</u>	<u>8,293,858</u>	<u>9,804,470</u>	<u>9,317,952</u>	<u>9,837,964</u>	<u>10,442,238</u>
817,259	713,738	870,697	769,842	951,121	1,035,474
4,228,132	4,177,616	4,116,594	4,258,045	4,609,076	4,320,120
1,542,290	1,552,725	972,484	1,462,747	2,238,664	1,319,658
102,914	91,824	86,802	157,643	142,794	198,429
259,858	310,725	267,588	288,871	317,049	346,782
-	-	-	-	-	348,793
610,750	566,914	554,087	583,068	624,724	823,889
209,674	155,265	772,922	3,909,161	3,408,801	2,110,337
300,000	310,000	345,000	420,000	430,000	445,000
112,278	242,502	270,019	257,121	245,946	233,370
1,000	1,000	1,500	1,500	2,250	2,000
<u>8,184,155</u>	<u>8,122,309</u>	<u>8,257,693</u>	<u>12,107,998</u>	<u>12,970,425</u>	<u>11,183,852</u>
<u>(8,218)</u>	<u>171,549</u>	<u>1,546,777</u>	<u>(2,790,046)</u>	<u>(3,132,461)</u>	<u>(741,614)</u>
-	-	-	-	-	-
18,000	18,000	237,216	220,770	590,803	707,203
(18,000)	(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>\$ (8,218)</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>
5.17%	6.93%	8.22%	8.26%	8.26%	7.07%

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

TABLE 5

<u>FISCAL YEAR</u>	<u>PROPERTY</u>	<u>SALES AND USE</u>	<u>OCCUPANCY</u>	<u>FRANCHISE</u>	<u>TOTAL REVENUE</u>
2007	\$ 3,134,228	\$ 1,781,223	\$ 98,973	\$ 607,967	\$ 5,622,391
2008	3,432,977	1,927,881	92,357	639,332	6,092,547
2009	3,552,048	1,979,928	65,688	656,329	6,253,993
2010	3,505,728	2,141,199	66,701	677,001	6,390,629
2011	3,546,031	2,253,347	74,287	728,548	6,602,213
2012	3,544,081	2,327,969	82,409	708,434	6,662,893
2013	3,809,355	2,503,411	83,470	701,468	7,097,704
2014	4,012,433	3,009,369	91,125	895,174	8,008,101
2015	4,143,068	3,145,614	86,661	974,361	8,349,704
2016	4,432,407	3,333,880	67,691	983,728	8,817,706

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

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

TABLE 6

FISCAL YEAR ENDED SEPTEMBER 30,	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	INDUSTRIAL PROPERTY	LESS: TAX-EXEMPT PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
2007	\$ 380,457,461	\$ 252,192,158	\$ 1,774,770	\$ 53,686,457	\$ 580,737,932	0.537400
2008	436,832,864	272,798,655	4,728,530	67,753,134	646,606,915	0.527400
2009	454,788,574	281,431,232	5,600,760	66,158,755	675,661,811	0.527400
2010	468,647,503	281,076,061	5,246,600	62,354,128	692,616,036	0.527400
2011	456,646,017	280,720,343	5,025,705	66,555,963	675,836,102	0.527400
2012	455,927,780	266,406,857	5,103,401	50,361,878	677,076,160	0.535510
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.574282
2014	473,221,531	278,323,833	6,158,319	50,285,171	707,418,512	0.582915
2015	504,499,829	288,913,043	5,574,551	58,925,926	740,061,497	0.575507
2016	558,785,477	324,533,883	5,961,942	71,367,400	817,913,902	0.561615

Source: Bexar Appraisal District

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

Tax rates are per \$100 of assessed value.

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

TABLE 7

<u>FISCAL YEAR</u>	<u>CITY DIRECT RATES</u>			<u>OVERLAPPING RATES</u>	
	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>TOTAL DIRECT</u>	<u>SCHOOL DISTRICT</u>	<u>BEXAR COUNTY</u>
2007	0.459560	0.077840	0.537400	1.592500	0.331190
2008	0.456560	0.070840	0.527400	1.262500	0.326866
2009	0.461560	0.065840	0.527400	1.302500	0.326866
2010	0.464029	0.063371	0.527400	1.337500	0.326866
2011	0.464029	0.063371	0.527400	1.365500	0.326866
2012	0.472701	0.062809	0.535510	1.375500	0.326866
2013	0.476752	0.097530	0.574282	1.375500	0.326866
2014	0.476752	0.106163	0.582915	1.375500	0.326866
2015	0.476752	0.098755	0.575507	1.375500	0.314500
2016	0.471173	0.090442	0.561615	1.375500	0.314500

Source: Information furnished by respective tax assessor.

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

TABLE 8

TAXPAYER	2016			2007		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
Ancira-Winton Chevrolet	\$ 27,025,210	1	3.30%	\$15,475,278	2	2.63%
H.E.B. Grocery	22,925,000	2	2.80%	-		
Vista Del Rey	20,500,000	3	2.51%	14,292,120	3	2.42%
Shadow Valley Apartments	15,016,100	4	1.84%	9,010,100	6	1.53%
Barcelona Lofts LLC	13,450,000	5	1.64%	-		
Leors Holdings	12,197	6	0.00%	-		
Omninet Towers LP	10,063,694	7	1.23%	-		
Leon SA Income Partners	8,068,000	8	0.99%	-		
Forest Green Association	7,680,000	9	0.94%	-		
SA West Loop II Investors	6,800,000	10	0.83%	5,494,420	9	0.93%
Principal Life Insurance	-	-	-	19,758,390	1	3.35%
Southwestern Bell	-	-	-	11,027,030	4	1.87%
Parkdale Development	-	-	-	10,205,440	5	1.73%
SCIC San Antonio	-	-	-	7,900,000	7	1.34%
Fiesta Lincoln Mercury	-	-	-	6,944,200	8	1.18%
Puget of Texas	-	-	-	5,187,920	10	0.88%
	<u>\$ 131,540,201</u>		<u>16.08%</u>	<u>\$ 105,294,898</u>		<u>17.86%</u>

Source: Bexar County Appraisal District

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

TABLE 9

FISCAL YEAR ENDED SEPTEMBER 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2007	\$ 3,121,053	\$ 3,081,888	98.75%	\$ 28,636	\$ 3,110,524	99.66%
2008	3,411,529	3,374,003	98.90%	13,805	3,387,808	99.30%
2009	3,563,440	3,364,408	94.41%	27,257	3,391,665	95.18%
2010	3,570,525	3,450,690	96.64%	70,192	3,520,882	98.61%
2011	3,485,988	3,437,057	98.60%	29,241	3,466,298	99.44%
2012	3,553,034	3,485,684	98.10%	17,175	3,502,859	98.59%
2013	3,817,953	3,755,784	98.37%	27,768	3,783,552	99.10%
2014	4,023,348	3,940,694	97.95%	66,174	4,006,868	99.59%
2015	4,130,740	4,050,446	98.06%	31,134	4,081,580	98.06%
2016	4,432,631	4,369,996	98.59%	-	4,369,996	98.59%

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

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

<u>TYPE OF CUSTOMER</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Residential	156,780,956	208,492,994	215,785,825	178,416,148
Commercial	<u>124,891,408</u>	<u>144,510,811</u>	<u>136,065,390</u>	<u>129,071,600</u>
TOTAL	<u>281,672,364</u>	<u>353,003,805</u>	<u>351,851,215</u>	<u>307,487,748</u>
TOTAL DIRECT RATE PER 1,000 GALLONS	<u>\$ 0.91</u>	<u>\$ 0.93</u>	<u>\$ 0.96</u>	<u>\$ 0.99</u>

Source: City of Leon Valley Water Department

TABLE 10

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
228,768,000	201,840,600	189,931,000	184,014,000	176,710,000	177,355,000
<u>133,301,040</u>	<u>122,936,377</u>	<u>123,088,895</u>	<u>120,423,155</u>	<u>131,218,294</u>	<u>142,359,865</u>
<u>362,069,040</u>	<u>324,776,977</u>	<u>313,019,895</u>	<u>304,437,155</u>	<u>307,928,294</u>	<u>319,714,865</u>
<u>\$ 1.02</u>	<u>\$ 1.05</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>	<u>\$ 1.08</u>

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

TABLE 11

<u>FISCAL YEAR</u>	<u>WATER</u>		<u>SEWER</u>	
	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>	<u>MONTHLY BASE RATE</u>	<u>RATE PER 1,000 GALLONS</u>
2007	7.85	0.91	11.36	4.06
2008	8.08	0.93	11.70	4.18
2009	8.32	0.96	12.05	4.31
2010	8.57	0.99	12.41	4.43
2011	8.83	1.02	12.78	4.57
2012	9.09	1.05	13.16	4.70
2013	9.36	1.08	13.55	5.27
2014	9.36	1.08	13.55	5.27
2015	9.36	1.08	14.36	5.59
2016	9.36	1.08	15.08	5.83

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

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

TABLE 12

FISCAL YEAR	GOVERNMENTAL ACTIVITIES					BUSINESS-TYPE ACTIVITY		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME*	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	CERTIFICATES OF OBLIGATION	TAX NOTES	CAPITAL LEASES	REVENUE BONDS	CERTIFICATES OF OBLIGATION			
2007	\$ 3,440,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,440,000	1.71%	372
2008	3,165,000	-	-	-	-	-	-	3,165,000	1.58%	343
2009	2,575,000	1,060,000	-	-	-	-	-	3,635,000	1.81%	393
2010	2,340,000	1,030,000	-	-	-	-	-	3,370,000	1.68%	365
2011	2,080,000	990,000	-	-	-	-	-	3,070,000	1.12%	279
2012	8,810,000	950,000	-	-	-	-	-	9,760,000	3.60%	898
2013	8,505,000	910,000	-	-	-	-	-	9,415,000	3.47%	866
2014	8,125,000	870,000	-	-	-	-	-	8,995,000	3.32%	828
2015	7,740,000	825,000	-	-	-	-	-	8,565,000	3.16%	788
2016	7,340,000	780,000	-	-	-	-	1,970,000	10,090,000	3.72%	929

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

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

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

TABLE 13

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING				ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	Certificates Of Obligations	TOTAL		
2007	\$ 3,440,000	\$ -	\$ -	\$ 3,440,000	\$ 580,737,932	0.59%
2008	3,165,000	-	-	3,165,000	646,606,915	0.49%
2009	2,575,000	1,060,000	-	3,635,000	675,661,811	0.54%
2010	2,340,000	1,030,000	-	3,370,000	692,616,036	0.49%
2011	2,080,000	990,000	-	3,070,000	675,836,102	0.45%
2012	8,810,000	950,000	-	9,760,000	677,076,160	1.44%
2013	8,505,000	910,000	-	9,415,000	681,878,582	1.38%
2014	8,125,000	870,000	-	8,995,000	707,418,512	1.27%
2015	7,740,000	825,000	-	8,565,000	740,061,497	1.16%
2016	7,340,000	780,000	1,970,000	10,090,000	817,913,902	1.23%

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

*Population data can be found in Table 16.

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

TABLE 14

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE*</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Alamo CCD	\$ 422,925,000	0.62%	\$ 2,622,135
Bexar County	1,629,530,000	0.62%	10,103,086
Bexar County Hospital District	674,225,000	0.62%	4,180,195
Northside Independent School District	2,246,895,000	2.01%	45,162,590
Subtotal, Overlapping Debt			62,068,006
Leon Valley Direct Debt			<u>10,090,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 72,158,006</u>

Source: Municipal Advisory Council of Texas.

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

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

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

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2016

Assessed Value	\$ 817,913,902
*Debt Limit (10% of Assessed Value)	81,791,390
Bonds and Certificates of Obligation	10,090,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>286,736</u>

Total Net Debt Applicable to Limit 10,376,736

ECONOMIC DEBT MARGIN \$ 71,414,654

	FISCAL YEAR			
	2007	2008	2009	2010
Debt Limit	\$ 58,073,793	\$ 64,660,692	\$ 67,561,181	\$ 69,261,604
Total Net Debt Applicable to Limit	<u>3,338,457</u>	<u>3,063,457</u>	<u>3,480,571</u>	<u>3,200,964</u>
LEGAL DEBT MARGIN	<u>\$ 54,735,336</u>	<u>\$ 61,597,235</u>	<u>\$ 64,080,610</u>	<u>\$ 66,060,640</u>

Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.75%	4.74%	5.15%	4.62%
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* Texas statutes do not prescribe a debt limit: However, by custom a practical debt limit of 10% of the assessed valuation is used.

TABLE 15

FISCAL YEAR					
2011	2012	2013	2014	2015	2016
\$ 67,583,610	\$ 67,707,616	\$ 68,187,858	\$ 70,741,851	\$ 74,006,150	\$ 81,791,390
<u>3,191,096</u>	<u>9,579,375</u>	<u>9,624,392</u>	<u>9,204,392</u>	<u>8,774,392</u>	<u>10,376,736</u>
<u>\$ 64,392,514</u>	<u>\$ 58,128,241</u>	<u>\$ 58,563,466</u>	<u>\$ 61,537,459</u>	<u>\$ 65,231,758</u>	<u>\$ 71,414,654</u>
4.72%	14.15%	14.11%	13.01%	11.86%	12.69%

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

TABLE 16

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME (THOUSANDS OF DOLLARS)</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2007	9,239	200,883,577	21,743	38.10	3,784	4.0%
2008	9,239	200,883,577	21,743	38.10	3,790	5.0%
2009	9,239	200,883,577	21,743	38.10	3,850	7.0%
2010	9,239	200,883,577	21,743	38.10	3,850	7.0%
2011	10,866	270,954,576	24,936	40.00	3,752	7.3%
2012	10,866	270,954,576	24,936	40.00	4,130	6.0%
2013	10,866	270,954,576	24,936	40.00	4,130	6.0%
2014	10,866	270,954,576	24,936	40.00	4,130	6.0%
2015	10,866	270,954,576	24,936	40.00	4,130	6.0%
2016	10,866	270,954,576	24,936	40.00	4,198	6.0%

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

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

TABLE 17

EMPLOYER	2016			2007		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Lackland Air Force Base	37,097	1	3.64%	-		0.00%
Fort Sam Houston-U.S. Army	32,000	2	3.14%	-		0.00%
H-E-B Food Stores	20,000	3	1.96%	9,942	2	1.15%
USAA	17,000	4	1.67%	13,773	1	1.59%
Northside I.S.D.	12,751	5	1.25%	-		0.00%
Randolph Air Force Base	11,068	6	1.09%	-		0.00%
North East I.S.D.	10,052	7	0.99%	-		0.00%
City of San Antonio	9,145	8	0.90%	-		0.00%
Methodist Healthcare System	8,118	9	0.80%	-		0.00%
Baptist Health System	6,498	10	0.64%	-		0.00%
H.B. Zachry Cfo.	-		0.00%	8,000	3	9.30%
SBC Communications	-		0.00%	7,000	4	0.81%
Southwestern Bell	-		0.00%	4,589	5	0.53%
Frost Bank	-		0.00%	3,290	6	0.38%
West Telemarking	-		0.00%	3,087	7	0.36%
Taco Cabana	-		0.00%	3,000	8	0.35%
Valero	-		0.00%	2,857	9	0.33%
QVC Network	-		0.00%	2,034	10	0.24%
TOTAL	<u>163,729</u>		<u>16.08%</u>	<u>57,572</u>		<u>15.04%</u>

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

Source: San Antonio Economic Development Foundation

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

TABLE 18

Full-Time Equivalent Employees as of September 30,

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Business Office	3.10	3.10	2.80	2.80	2.75	1.75	1.60	1.60	1.60	1.60
Finance	2.80	2.80	2.40	2.40	2.20	2.20	2.00	2.00	2.00	2.00
Manager and Council	2.80	2.80	2.40	2.40	2.30	2.30	2.00	3.00	3.00	3.90
*Police										
Officers	23.00	23.00	23.00	23.00	23.00	24.00	23.00	23.00	24.00	25.00
Civilians	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.90	3.90	1.00
*Fire										
Civilians	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Firefighters and Officers	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00	26.00	26.00
Public Works	15.25	14.75	14.75	14.75	14.05	13.09	12.60	12.60	12.60	13.20
Community Development	3.20	4.00	4.00	4.00	3.92	3.52	3.35	1.60	1.60	1.60
Economic Development	1.20	1.20	1.20	1.50	1.65	2.00	2.00	2.00	2.00	2.00
Parks	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Library	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.50	4.50
Communications	-	-	-	-	-	-	-	-	6.00	8.00
Community Center	1.60	2.10	2.10	2.10	1.85	0.60	1.60	1.60	1.60	1.60
Water and Sewer	12.05	12.96	12.96	12.96	14.88	16.04	18.35	18.70	18.20	17.60
TOTAL	<u>105.50</u>	<u>107.21</u>	<u>106.11</u>	<u>106.41</u>	<u>107.10</u>	<u>106.00</u>	<u>106.00</u>	<u>107.50</u>	<u>109.00</u>	<u>110.00</u>

Source: City Annual Budget

*Does not include reserves.

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

FUNCTION	2007	2008	2009	FISCAL 2010
Police				
Traffic Violations	12,408	15,397	11,459	11,611
Arrests	1,230	1,355	1,194	1,279
Fire				
Fire Calls	805	821	793	786
EMS Calls	961	953	1,028	1,051
Inspections	1,282	1,299	1,167	1,351
Public Works				
Street Resurfacing (Miles)	0.5	-	5.9	5.4
Sidewalk Construction (Feet)	500	500	500	1,463
Library				
Reference Questions	3,142	6,056	6,083	6,000
Internet Sessions	6,336	6,320	7,483	7,354
Library Acquisitions	1,281	1,857	3,487	4,861
Water				
Service Connections	2,255	2,369	2,444	2,469
Average Daily Consumption	1,011,527	967,133	963,975	842,432
Sewer				
Service Connections	2,272	2,440	2,306	2,387
Average Daily Treatment of Gallons	664,496	863,347	793,443	989,705

Source: Various city departments.

TABLE 19

YEAR					
2011	2012	2013	2014	2015	2016
10,278	8,204	4,559	4,190	3,098	2,622
1,050	837	635	629	722	915
931	765	712	890	1,183	942
1,062	1,038	1,174	1,151	1,136	1,472
1,290	1,256	1,022	1,009	480	310
8.4	-	7.7	8.0	5.0	1.0
682	1,621	682	687	1,304	2,060
6,897	5,868	5,287	7,000	6,485	7,681
7,226	18,242	16,882	6,266	6,497	8,055
3,323	2,953	2,912	2,176	1,823	2,011
2,508	2,523	2,526	2,544	2,561	2,574
1,005,747	889,800	857,588	962,846	843,639	869,649
2,428	2,551	2,441	2,457	2,456	2,479
748,356	705,557	687,267	700,672	703,607	681,173

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
* Officers	24	24	24	24	24	23	23	23	23	24
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	27	27	27	27	27	26	26	26	26	26
Culture and Recreation										
Community Centers	2	2	2	2	2	2	2	2	2	2
Parks	1	1	1	1	1	1	1	1	1	1
Park Acreage	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Libraries	1	1	1	1	1	1	1	1	1	1
Tennis Courts	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Public Works										
Miles of Streets	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Water										
Miles of Water Mains	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Number of Hydrants	208	208	208	208	208	208	208	208	208	208
Sewer										
Miles of Sanitary Sewers	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5	47.5
Feet of Storm Sewers	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000

Source: Various City departments.

* Includes Warrants Officer(s) from the Court.

COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leon Valley, Texas, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Leon Valley, Texas' basic financial statements and have issued our report thereon dated February 7, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

February 7, 2017