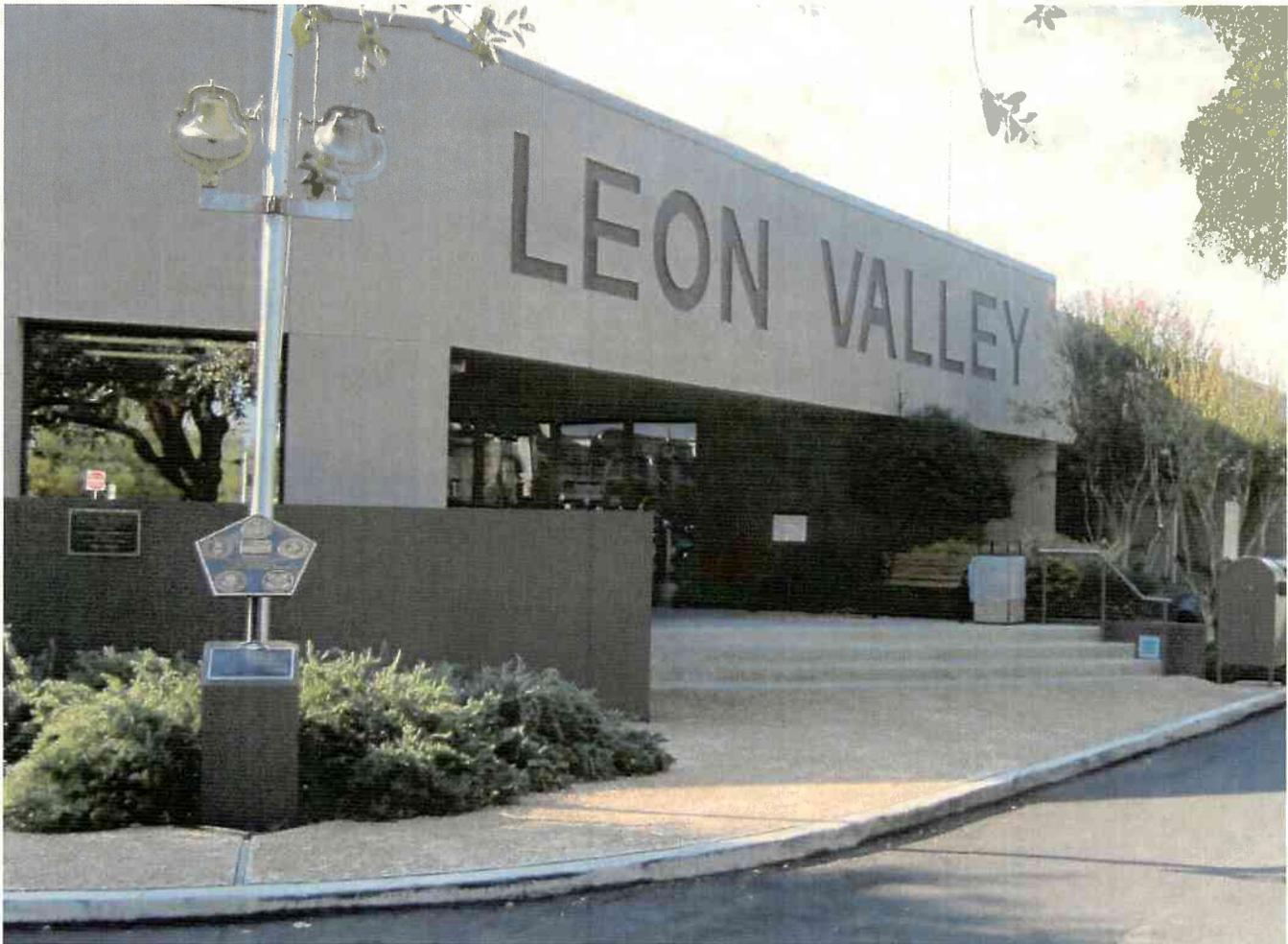


CITY OF LEON VALLEY, TEXAS



COMPREHENSIVE ANNUAL FINANCIAL REPORT

OCTOBER 1, 2013 - SEPTEMBER 30, 2014

CITY OF LEON VALLEY, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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INTRODUCTORY SECTION

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February 9, 2015

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, 2014.

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

The City of Leon Valley financial statements have been audited by Alonzo, Bacarisse, Irvine & Palmer, P.C., a firm of licensed certified public accountants. They have issued an unqualified “clean” opinion on the City of Leon Valley’s financial statements for the year ended September 30, 2014. 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 Project 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 August. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30, the close of Leon Valley's fiscal year.

The City has adopted financial policies for budgetary control that is stricter than is required by law. The appropriated budget is prepared by fund, department (e.g. police), and function (e.g. patrol). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 51-53 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 regions 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, 2014, the 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 ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leon Valley for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance 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,

Handwritten signature of Manuel Longoria, Jr. in blue ink.

Manuel Longoria, Jr
City Manager

Handwritten signature of Vickie Wallace in blue ink.

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, 2013

Executive Director/CEO

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CITY OF LEON VALLEY, TEXAS
LIST OF PRINCIPAL OFFICERS
YEAR ENDED SEPTEMBER 30, 2014

Elected Officials

Chris Riley, Mayor

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

Ricardo Ruiz
Carmen Sanchez
Abraham Diaz
Benny Martinez
Paul Bieber

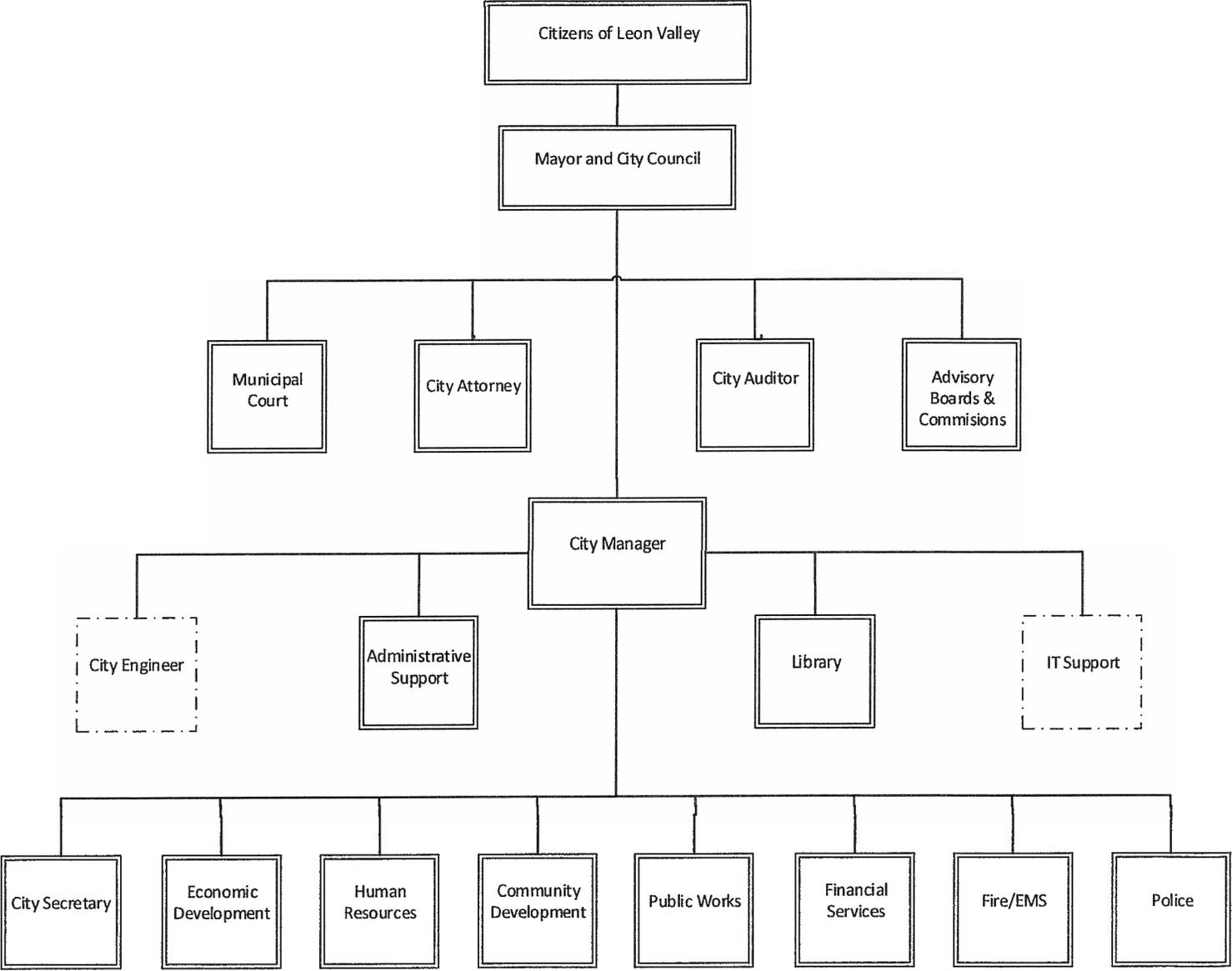
City Officials

Manuel Longoria, Jr., City Manager

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

Sandra Passailaigue
Vickie Wallace
Kristie Flores
Claudia Mora
Randall Wallace
Luiz Valdez
Joyce Trent
Melinda Moritz

City of Leon Valley Organizational Chart



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, 2014, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 schedule of funding progress on pages 5 through 14 and pages 51 through 56 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 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 9, 2015, 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 9, 2015

CITY OF LEON VALLEY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2014

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, 2014. 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, 2014 by \$20,595,471 (net position). Of this amount, \$8,040,144 (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 \$3,826,458, an increase of \$299,351.

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 and required supplementary information.

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, 2014
(With Comparative Totals for September 30, 2013)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
<u>ASSETS</u>						
Current Assets	\$ 11,285,726	\$ 14,221,136	\$ 3,105,926	\$ 3,208,979	\$ 14,391,652	\$ 17,430,115
Capital Assets	<u>12,508,941</u>	<u>9,178,642</u>	<u>4,057,126</u>	<u>3,867,460</u>	<u>16,566,067</u>	<u>13,046,102</u>
TOTAL ASSETS	<u>\$ 23,794,667</u>	<u>\$ 23,399,778</u>	<u>\$ 7,163,052</u>	<u>\$ 7,076,439</u>	<u>\$ 30,957,719</u>	<u>\$ 30,476,217</u>
<u>LIABILITIES</u>						
Current Liabilities	\$ 1,101,999	\$ 949,448	\$ 180,554	\$ 263,974	\$ 1,282,553	\$ 1,213,422
Long-Term Liabilities	<u>9,020,714</u>	<u>9,423,052</u>	<u>58,981</u>	<u>48,747</u>	<u>9,079,695</u>	<u>9,471,799</u>
Total Liabilities	<u>10,122,713</u>	<u>10,372,499</u>	<u>239,535</u>	<u>312,721</u>	<u>10,362,248</u>	<u>10,685,220</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	7,414,439	6,374,117	4,057,126	3,867,460	11,471,565	10,241,577
Restricted Net Position	90,494	157,074	993,268	1,066,500	1,083,762	1,223,574
Unrestricted Net Position	<u>6,167,021</u>	<u>6,496,088</u>	<u>1,873,123</u>	<u>1,829,758</u>	<u>8,040,144</u>	<u>8,325,846</u>
Total Net Position	<u>13,671,954</u>	<u>13,027,279</u>	<u>6,923,517</u>	<u>6,763,718</u>	<u>20,595,471</u>	<u>19,790,997</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,794,667</u>	<u>\$ 23,399,778</u>	<u>\$ 7,163,052</u>	<u>\$ 7,076,439</u>	<u>\$ 30,957,719</u>	<u>\$ 30,476,217</u>

The largest portion of the City's net position, \$11,471,565 represents its investment in capital assets (e.g., land, construction in progress, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Leon Valley, Texas uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Of the other net position, \$1,083,762 represents resources that are subject to external restrictions on how they may be used. The remaining \$8,040,144 represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and creditors.

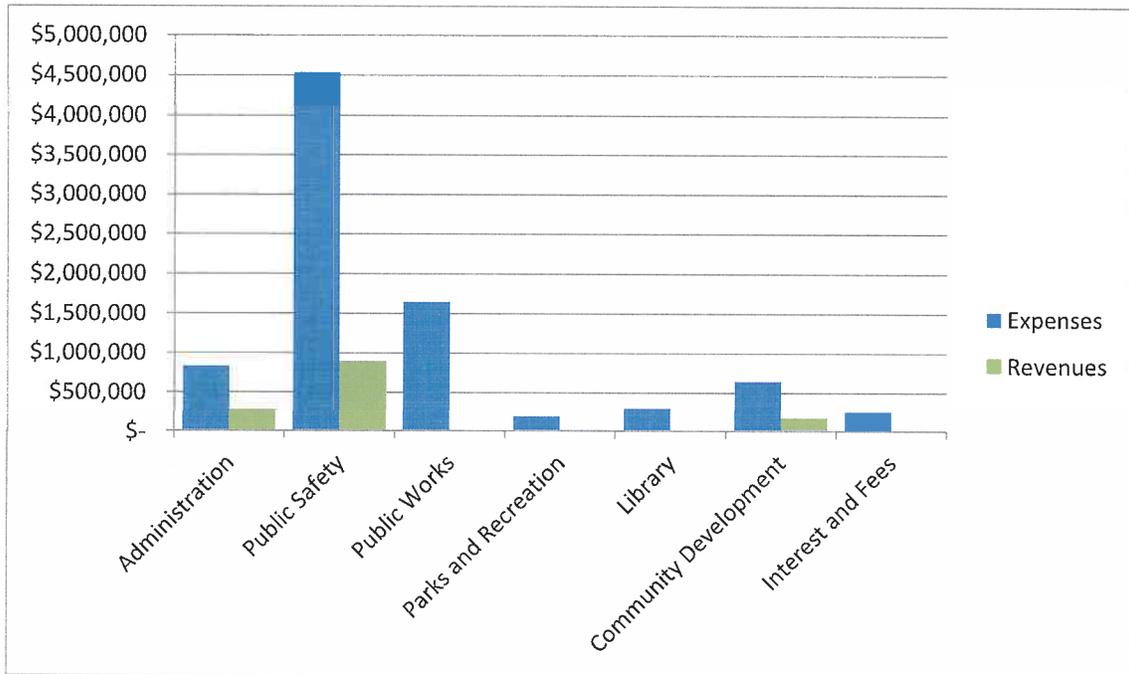
Governmental Activities. Governmental activities increased net position by \$952,156 which is attributable to fluctuations in program revenues and expenses. Key elements of this increase are as follows:

CHANGE IN NET POSITON
FOR THE YEAR ENDED SEPTEMBER 30, 2014
(With Comparative Totals for September 30, 2013)

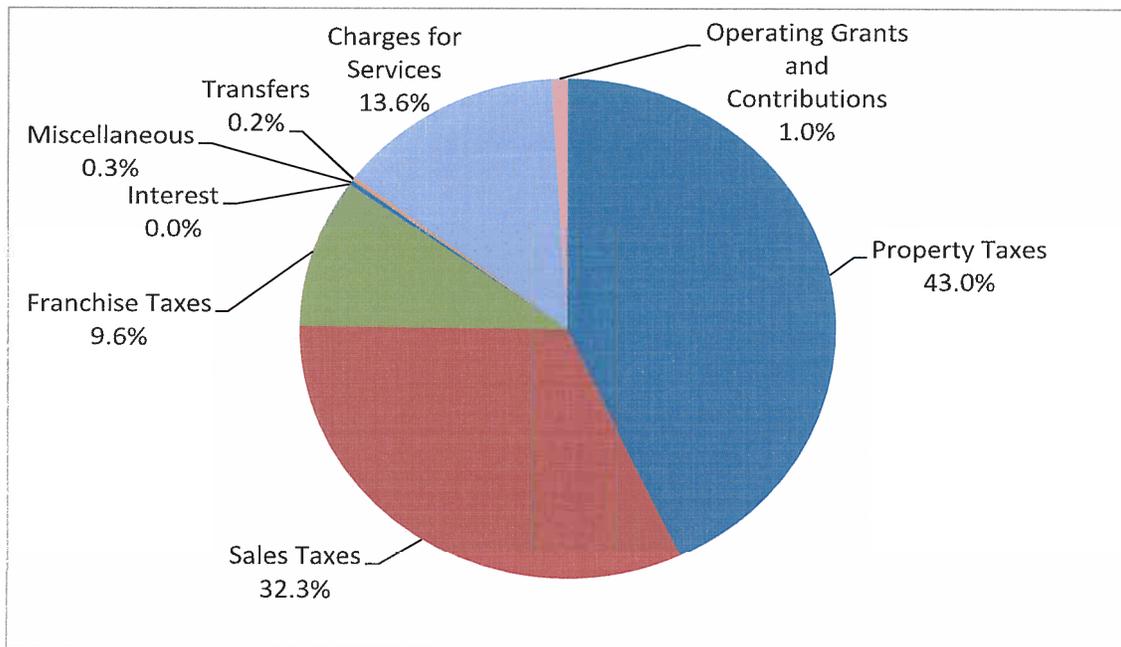
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
<u>PROGRAM REVENUES</u>						
Charges for Services	\$ 1,274,794	\$ 1,247,318	\$ 3,275,292	\$ 3,311,426	\$ 4,550,086	\$ 4,558,744
Operating Grants and Contributions	95,028	82,626	-	-	95,028	82,626
Capital Grants and Contributions	-	372,585	-	-	-	372,585
General Revenues						
Property Taxes	4,021,701	3,834,233	-	-	4,021,701	3,834,233
Sales Tax	3,009,369	2,503,411	-	-	3,009,369	2,503,411
Franchise Taxes	895,174	701,468	-	-	895,174	701,468
CIED	-	1,172,352	-	-	-	1,172,352
Interest	4,277	12,804	889	2,579	5,166	15,383
Miscellaneous	26,879	20,138	144,390	5,914	171,269	26,052
Total Revenues	<u>9,327,222</u>	<u>9,946,935</u>	<u>3,420,571</u>	<u>3,319,919</u>	<u>12,747,793</u>	<u>13,266,854</u>
<u>EXPENSES</u>						
Administration	828,573	910,636	-	-	828,573	910,636
Public Safety	4,536,351	4,335,920	-	-	4,536,351	4,335,920
Public Works	1,650,987	1,140,612	-	-	1,650,987	1,140,612
Parks and Recreation	186,386	113,792	-	-	186,386	113,792
Library	302,721	322,587	-	-	302,721	322,587
Community Development	641,724	566,113	-	-	641,724	566,113
Utility	-	-	3,365,772	3,282,774	3,365,772	3,282,774
Interest and Fiscal Agent Fees	248,324	275,120	-	-	248,324	275,120
Total Expenses	<u>8,395,066</u>	<u>7,664,780</u>	<u>3,365,772</u>	<u>3,282,774</u>	<u>11,760,838</u>	<u>10,947,554</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfer Out	-	-	(20,000)	-	(20,000)	-
Transfer In	20,000	-	-	-	20,000	-
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	952,156	2,282,155	34,799	37,145	986,955	2,319,300
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>13,027,279</u>	<u>10,745,124</u>	<u>6,763,718</u>	<u>6,726,573</u>	<u>19,790,997</u>	<u>17,471,697</u>
RESTATEMENT OF NET POSITION	(307,481)	-	125,000	-	(182,481)	-
<u>NET POSITION AT BEGINNING OF YEAR - RESTATED</u>	<u>12,719,798</u>	<u>10,745,124</u>	<u>6,888,718</u>	<u>6,726,573</u>	<u>19,608,516</u>	<u>17,471,697</u>
NET POSITION AT END OF YEAR	<u>\$ 13,671,954</u>	<u>\$ 13,027,279</u>	<u>\$ 6,923,517</u>	<u>\$ 6,763,718</u>	<u>\$ 20,595,471</u>	<u>\$ 19,790,997</u>

Revenue for governmental activities for the fiscal year ended September 30, 2014 totaled \$9,327,222, an decrease of \$619,713 from fiscal year 2013 total revenues of \$9,946,935. In 2013 the City benefited from a reimbursement from CPS which accounts for most of the difference.

EXPENSES AND PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES



REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES

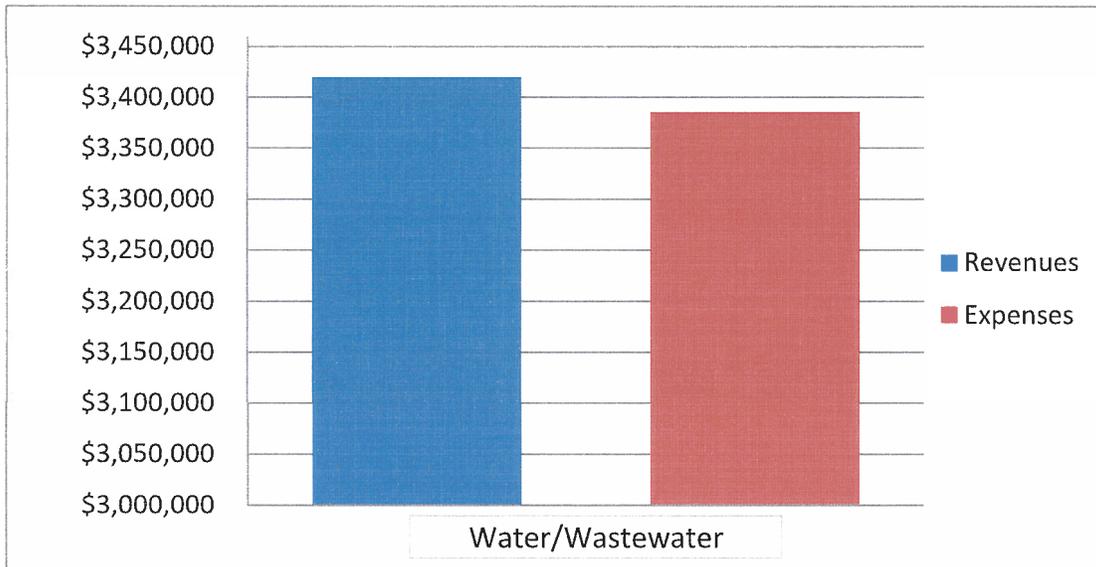


Expenses for governmental activities totaled \$8,395,066, an increase of \$730,286 over fiscal year 2013.

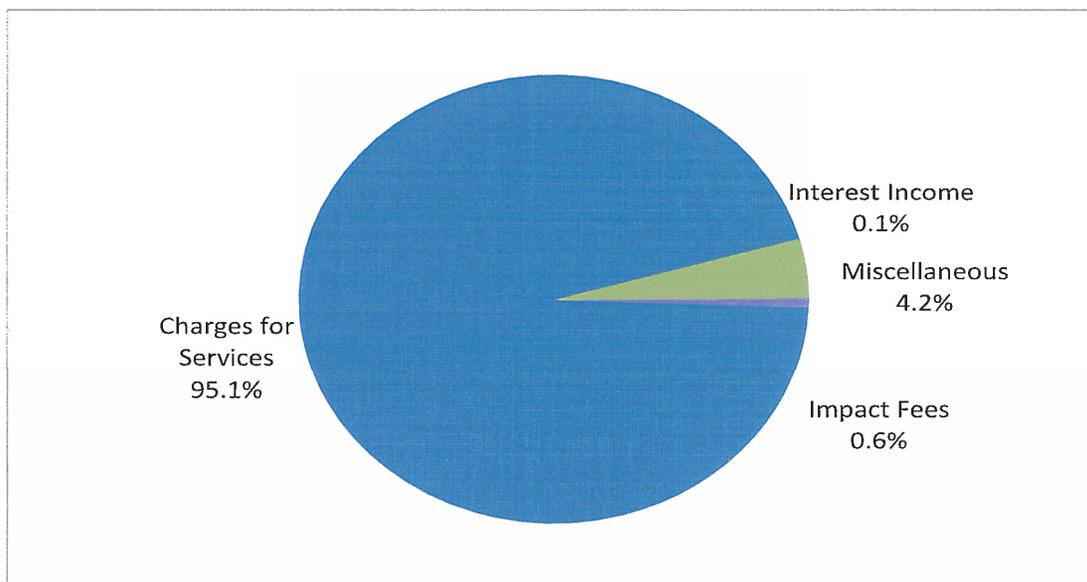
Business-Type Activities. Business-type activities increased net position by \$34,799. Key elements of this increase are as follows:

- Utility expenses for business-type activities increased by \$82,998, 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 \$10,591,551, a decrease of \$2,770,046 in comparison with fiscal year 2013. 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, 2014, the fund balance of the City’s general fund increased by \$299,351. Key factors in the increase are as follows:

- Ad valorem collection rate was higher than budgeted.
- Contributions for capital improvements.
- Personnel vacancies.

The capital projects fund has a total fund balance of \$4,148,690, a decrease of \$2,723,895 in comparison with fiscal year 2013, all of which is legally restricted for construction projects. This decrease was primarily due to construction of the municipal complex during the fiscal year.

The debt service fund has a total fund balance of \$256,246, 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 \$46,855.

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 \$1,873,123. The total increase in net position for the water and sewer fund was \$34,799. 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 \$220,210. The following are the main components of the increase.

- \$116,997 supplemental appropriation for construction and renovations of the City’s Municipal Complex;
- \$62,510 supplemental appropriation for the July 4th celebration.
- The major difference between the final amended budget and actual results for expenditures was primarily due to personnel vacancies.

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, 2014 amounted to \$16,566,067 (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 \$3,519,964 from fiscal year 2013.

<u>CAPITAL ASSETS</u> (Net of Depreciation)				
<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2013</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2014</u>
<u>Capital Assets – Not Depreciated</u>				
Land	\$ 761,261	\$ 56,085	\$ -	\$ 817,346
Construction in Progress	-	3,037,014	-	3,037,014
Total Capital Assets –Not Depreciated	<u>761,261</u>	<u>3,093,099</u>	<u>-</u>	<u>3,854,360</u>
<u>Capital Assets – Depreciated</u>				
Buildings	3,872,271	-	-	3,872,271
Transportation and Equipment	5,306,274	422,632	(8,768)	5,720,138
Infrastructure	<u>10,789,688</u>	<u>393,430</u>	<u>(103,706)</u>	<u>11,079,412</u>
Total Capital Assets – Depreciated	<u>19,968,233</u>	<u>816,062</u>	<u>(112,474)</u>	<u>20,671,821</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(1,486,896)	(70,215)	-	(1,557,111)
Transportation and Equipment	(3,416,727)	(356,127)	8,768	(3,764,086)
Infrastructure	<u>(6,647,229)</u>	<u>(152,520)</u>	<u>103,706</u>	<u>(6,696,043)</u>
	<u>(11,550,852)</u>	<u>(578,862)</u>	<u>112,474</u>	<u>(12,017,240)</u>
<u>ASSETS BEING DEPRECIATED – NET</u>	<u>8,417,381</u>	<u>237,200</u>	<u>-</u>	<u>8,654,581</u>
TOTAL CAPITAL ASSETS – NET	<u>\$ 9,178,642</u>	<u>\$ 3,330,299</u>	<u>\$ -</u>	<u>\$ 12,508,941</u>

CAPITAL ASSETS (CONTINUED)
(Net of Depreciation)

<u>BUSINESS-TYPE ACTIVITIES</u>	<u>BALANCE</u> <u>9/30/2013</u>	<u>RECLASS AND</u> <u>ADDITIONS</u>	<u>RECLASS AND</u> <u>DISPOSALS</u>	<u>BALANCE</u> <u>9/30/2014</u>
<u>Capital Assets – Not Depreciated</u>				
Land	\$ 96,383	\$ 16,844	\$ -	\$ 113,227
Water Rights	<u>1,055,539</u>	<u>258,264</u>	<u>-</u>	<u>1,313,803</u>
Total Capital Assets – Not Depreciated	<u>1,151,922</u>	<u>275,108</u>	<u>-</u>	<u>1,427,030</u>
<u>Capital Assets – Depreciated</u>				
Buildings	25,403	-	-	25,403
Improvements other than Buildings	6,644,883	85,416	-	6,730,299
Transportation and Equipment	<u>653,011</u>	<u>-</u>	<u>(12,982)</u>	<u>640,029</u>
Total Capital Assets – Depreciated	<u>7,323,297</u>	<u>85,416</u>	<u>(12,982)</u>	<u>7,395,731</u>
<u>Less: Accumulated Depreciation</u>				
Buildings	(18,707)	(410)	-	(19,117)
Improvements other than Buildings	(4,107,112)	(134,397)	-	(4,241,509)
Transportation and Equipment	<u>(481,939)</u>	<u>(36,052)</u>	<u>12,982</u>	<u>(505,009)</u>
	<u>(4,607,758)</u>	<u>(170,859)</u>	<u>12,982</u>	<u>(4,765,635)</u>
<u>ASSETS BEING DEPRECIATED – NET</u>	<u>2,715,539</u>	<u>(85,443)</u>	<u>-</u>	<u>2,630,096</u>
TOTAL CAPITAL ASSETS – NET	<u>\$ 3,867,461</u>	<u>\$ 189,665</u>	<u>\$ -</u>	<u>\$ 4,057,126</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, 2014, the City had a total bonded debt outstanding of \$8,995,000.

OUTSTANDING DEBT LONG-TERM DEBT

	<u>BALANCE 9/30/2013</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCE 9/30/2014</u>	<u>DUE WITHIN ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Refunding Bonds Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 1,530,000	\$ -	\$ (290,000)	\$ 1,240,000	\$295,000
Public Property Finance Contracts Original Amount of \$1,060,000 Interest Rate 4.42%	910,000	-	(40,000)	870,000	45,000
General Obligation Refunding Bonds Original Amount of \$7,000,000 Interest Rate 1.25-3.25%	6,975,000	-	(90,000)	6,885,000	90,000
Issuance Premium	<u>131,055</u>	<u>-</u>	<u>(6,959)</u>	<u>124,096</u>	<u>6,959</u>
Subtotal	9,546,055	-	(426,959)	9,119,096	\$436,959
Compensated Absences	<u>405,274</u>	<u>147,481</u>	<u>(101,319)</u>	<u>451,436</u>	<u>112,859</u>
	<u>\$ 9,951,329</u>	<u>\$ 147,481</u>	<u>\$ (528,278)</u>	<u>\$ 9,570,532</u>	<u>\$ 549,818</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 64,996</u>	<u>\$ 29,894</u>	<u>\$ (16,249)</u>	<u>\$ 78,641</u>	<u>\$ 19,660</u>

Additional information of the City of Leon Valley's capital assets can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2015, sales tax was budgeted with a 10.0% increase. The City adopted a tax rate of \$0.575507, which is \$0.007408 lower than the fiscal year 2014 tax rate of \$0.582915. Overall tax revenues are anticipated to rise with the increase in property values within the City.

Expenditures for the general fund are budgeted at \$7,626,622. 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, 2014

<u>ASSETS</u>	<u>PRIMARY GOVERNMENT</u>			<u>COMPONENT UNIT</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>	
Cash and Cash Equivalents	\$ 10,459,827	\$ 2,623,859	\$ 13,083,686	\$ 605,651
Receivables – Net of Allowances for Uncollectibles:				
Property Taxes	200,375	-	200,375	-
Special Assessment	11,744	-	11,744	-
Other	54,945	348,076	403,021	-
Due from Other Governments	502,894	-	502,894	45,459
Inventories	12,615	-	12,615	-
Prepaid Items	43,326	9,066	52,392	-
Restricted Cash, Customer Deposits	-	124,925	124,925	-
Capital Assets				
Land	817,346	113,227	930,573	-
Construction in Progress	3,037,014	-	3,037,014	-
Water Rights	-	1,313,803	1,313,803	-
Buildings	2,315,160	6,286	2,321,446	-
Water/Wastewater System–Plant	-	2,488,790	2,488,790	-
Transportation and Equipment	1,956,052	135,020	2,091,072	-
Infrastructure	4,383,369	-	4,383,369	-
TOTAL ASSETS	<u>\$ 23,794,667</u>	<u>\$ 7,163,052</u>	<u>\$ 30,957,719</u>	<u>\$ 651,110</u>
<u>LIABILITIES AND NET POSITION</u>				
Liabilities				
Accounts Payable	\$ 336,796	\$ 13,223	\$ 350,019	\$ -
Accrued Expenditures	153,243	22,746	175,989	-
Accrued Interest Payable	41,841	-	41,841	-
Payable from Restricted Assets, Customer Deposits	-	124,925	124,925	-
Deposits Payable	20,301	-	20,301	-
Noncurrent Liabilities				
Due Within One Year	549,818	19,660	569,478	-
Due in More Than One Year	9,020,714	58,981	9,079,695	-
Total Liabilities	<u>10,122,713</u>	<u>239,535</u>	<u>10,362,248</u>	<u>-</u>
<u>NET POSITION</u>				
Net investment in Capital Assets	7,414,439	4,057,126	11,471,565	-
Restricted for				
Parks	266	-	266	-
Public Education Grants	90,228	-	90,228	-
Water Supply	-	189,330	189,330	-
Storm Water Fee	-	803,938	803,938	-
Unrestricted Net Position	<u>6,167,021</u>	<u>1,873,123</u>	<u>8,040,144</u>	<u>651,110</u>
Total Net Position	<u>13,671,954</u>	<u>6,923,517</u>	<u>20,595,471</u>	<u>651,110</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 23,794,667</u>	<u>\$ 7,163,052</u>	<u>\$ 30,957,719</u>	<u>\$ 651,110</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

<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	\$ 828,573	\$ 284,034	\$ -	\$ -
Public Safety	4,536,351	803,036	95,028	-
Public Works	1,650,987	-	-	-
Parks and Recreation	186,386	15,586	-	-
Library	302,721	3,490	-	-
Community Development	641,724	168,648	-	-
Interest and Fees	248,324	-	-	-
Total Governmental Activities	<u>8,395,066</u>	<u>1,274,794</u>	<u>95,028</u>	<u>-</u>
<u>Business-Type Activities</u>				
Water/Wastewater	<u>3,365,772</u>	<u>3,275,292</u>	<u>-</u>	<u>-</u>
Total Government	<u>\$ 11,760,838</u>	<u>\$ 4,550,086</u>	<u>\$ 95,028</u>	<u>\$ -</u>
<u>Component Unit</u>				
Leon Valley Economic Development Corporation	<u>\$ 154,014</u>	<u>\$ -</u>	<u>\$ -</u>	

General Revenues

Taxes:
Property Taxes
Sales Taxes
Franchise Taxes
Interest
Miscellaneous
Transfers
 Total General Revenues and Transfers
Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at Beginning of Year - Restated

NET POSITION AT END OF YEAR

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
\$ (544,539)	\$ -	\$ (544,539)	
(3,638,287)	-	(3,638,287)	
(1,650,987)	-	(1,650,987)	
(170,800)	-	(170,800)	
(299,231)	-	(299,231)	
(473,076)	-	(473,076)	
(248,324)	-	(248,324)	
<u>(7,025,244)</u>	<u>-</u>	<u>(7,025,244)</u>	
<u>-</u>	<u>(90,480)</u>	<u>(90,480)</u>	
<u>(7,025,244)</u>	<u>(90,480)</u>	<u>(7,115,724)</u>	
			<u>\$ 154,014</u>
4,021,701	-	4,021,701	-
3,009,369	-	3,009,369	276,624
895,174	-	895,174	-
4,277	889	5,166	207
26,879	144,390	171,269	-
20,000	(20,000)	-	-
<u>7,977,400</u>	<u>125,279</u>	<u>8,102,679</u>	<u>276,831</u>
952,156	34,799	986,955	122,817
<u>13,027,279</u>	<u>6,763,718</u>	<u>19,790,997</u>	<u>528,293</u>
<u>(307,481)</u>	<u>125,000</u>	<u>(182,481)</u>	<u>-</u>
<u>12,719,798</u>	<u>6,888,718</u>	<u>19,608,516</u>	<u>528,293</u>
<u>\$ 13,671,954</u>	<u>\$ 6,923,517</u>	<u>\$ 20,595,471</u>	<u>\$ 651,110</u>

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

CITY OF LEON VALLEY, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 3,521,303	\$ 4,428,761	\$ 2,509,763	\$ 10,459,827
Receivables – Net of Allowances for Uncollectibles				
Property Taxes	174,697	-	25,678	200,375
Special Assessment	-	-	11,744	11,744
Other	37,022	-	17,923	54,945
Due from Other Governments	371,812	-	131,082	502,894
Prepaid Items	42,016	-	1,310	43,326
Inventories	12,615	-	-	12,615
	<u>\$ 4,159,465</u>	<u>\$ 4,428,761</u>	<u>\$ 2,697,500</u>	<u>\$ 11,285,726</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 34,469	\$ 280,071	\$ 22,256	\$ 336,796
Accrued Expenditures	151,370	-	1,873	153,243
Deposits Payable	755	-	19,546	20,301
Total Liabilities	<u>186,594</u>	<u>280,071</u>	<u>43,675</u>	<u>510,340</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenues – Taxes	146,413	-	37,422	183,835
<u>FUND BALANCES</u>				
Nonspendable	54,631	-	1,310	55,941
Restricted:				
Capital Projects	-	4,148,690	-	4,148,690
Public Education Grants	90,228	-	-	90,228
Park Bucks	266	-	-	266
Debt Service	-	-	256,246	256,246
Special Revenue	-	-	1,457,802	1,457,802
Committed:				
Disaster Emergencies	900,000	-	-	900,000
CIED	-	-	795,672	795,672
Assigned:				
Tree Mitigation and Replacement	25,275	-	-	25,275
Community and Conference Center	-	-	105,373	105,373
Unassigned:	<u>2,756,058</u>	<u>-</u>	<u>-</u>	<u>2,756,058</u>
Total Fund Balances	<u>3,826,458</u>	<u>4,148,690</u>	<u>2,616,403</u>	<u>10,591,551</u>
	<u>\$ 4,159,465</u>	<u>\$ 4,428,761</u>	<u>\$ 2,697,500</u>	<u>\$ 11,285,726</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,159,465</u>	<u>\$ 4,428,761</u>	<u>\$ 2,697,500</u>	<u>\$ 11,285,726</u>

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

CITY OF LEON VALLEY, TEXAS
RECONCILIATION OF BALANCE SHEET
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

<u>TOTAL FUND BALANCES – GOVERNMENTAL FUNDS</u>	\$10,591,551
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,508,941
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	183,835
Accrued vacation leave payable is not due and payable in the current period and, therefore, is not reported in the funds.	(451,436)
Long-term liabilities consisting of bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(9,119,096)
Accrued interest payable on bonded debt is not reported in the funds.	<u>(41,841)</u>
<u>TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES</u>	<u>\$13,671,954</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	GENERAL FUND	CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Property Taxes	\$ 3,286,957	\$ -	\$ 725,476	\$ 4,012,433
Sales Taxes	2,245,559	-	763,810	3,009,369
Franchise Taxes	857,932	-	37,242	895,174
Licenses, Permits, Fees and Fines	966,172	-	127,308	1,093,480
Grants	5,323	-	2,781	8,104
Rent	-	-	91,125	91,125
Interest	1,533	2,062	682	4,277
Miscellaneous	194,723	-	9,267	203,990
Total Revenues	<u>7,558,199</u>	<u>2,062</u>	<u>1,757,691</u>	<u>9,317,952</u>
<u>EXPENDITURES</u>				
Current				
Administration	743,664	-	26,178	769,842
Public Safety	4,130,544	-	127,501	4,258,045
Public Works	1,058,956	-	403,791	1,462,747
Parks and Recreation	157,643	-	-	157,643
Library	288,871	-	-	288,871
Community Development	397,851	-	185,217	583,068
Capital Outlay	351,322	2,933,727	624,112	3,909,161
Debt Service				
Principal	-	-	420,000	420,000
Interest	-	-	257,121	257,121
Fiscal Agent Fees and Bond Issue Costs	-	-	1,500	1,500
Total Expenditures	<u>7,128,851</u>	<u>2,933,727</u>	<u>2,045,420</u>	<u>12,107,998</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>429,348</u>	<u>(2,931,665)</u>	<u>(287,729)</u>	<u>(2,790,046)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	207,770	13,000	220,770
Transfers Out	<u>(129,997)</u>	<u>-</u>	<u>(70,773)</u>	<u>(200,770)</u>
Total Other Financing Sources (Uses)	<u>(129,997)</u>	<u>207,770</u>	<u>(57,773)</u>	<u>20,000</u>
Net Change in Fund Balances	299,351	(2,723,895)	(345,502)	(2,770,046)
<u>FUND BALANCES AT</u>				
<u>BEGINNING OF YEAR</u>	<u>3,652,107</u>	<u>6,872,585</u>	<u>2,961,905</u>	<u>13,486,597</u>
RESTATEMENT OF FUND BALANCES				
BEGINNING OF YEAR	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
<u>FUND BALANCES AT</u>				
<u>BEGINNING OF YEAR - RESTATED</u>	<u>3,527,107</u>	<u>6,872,585</u>	<u>2,961,905</u>	<u>13,361,597</u>
FUND BALANCES AT END OF YEAR	<u>\$ 3,826,458</u>	<u>\$ 4,148,690</u>	<u>\$ 2,616,403</u>	<u>\$ 10,591,551</u>

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

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, 2014

<u>NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</u>	(\$2,770,046)
<p>Amounts reported in governmental activities and 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.	3,909,161
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 2014 depreciation.	(578,862)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	9,268
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 2014.	6,959
Certain long-term liabilities are accrued at the government-wide level but not at the fund level. This is the current year change in those liabilities, reported as expense in the statement of activities (accrued interest)	1,838
The repayment of principal on debt consumes current financial resources and is expended in the governmental funds, but is a reduction of the liability and does not affect the statement of activities.	420,000
Amounts to be expended for long-term employee leave is not recorded as an expenditure in the funds, but is an expense in the statement of activities. This is the change in compensated absences in 2014.	<u>(46,162)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 952,156</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2014

BUSINESS-TYPE
ACTIVITY
WATER AND
WASTEWATER

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 2,623,859
Accounts Receivable, Net of Allowance for Uncollectible	348,076
Prepaid Items	<u>9,066</u>
Total Current Assets	<u>2,981,001</u>

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents for Customer Deposits	124,925
Capital Assets (Net)	
Land	113,227
Water Rights	1,313,803
Buildings	6,286
Water and Wastewater System – Plant	2,488,790
Equipment	<u>135,020</u>
Total Noncurrent Assets	<u>4,182,051</u>

TOTAL ASSETS	<u>\$ 7,163,052</u>
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 13,223
Accrued Expenses	22,746
Current Portion of Accrued Leave	<u>19,660</u>
Total Current Liabilities	<u>55,629</u>

NONCURRENT LIABILITIES

Accrued Leave	58,981
Payable from Restricted Assets	
Customer Deposits Payable	<u>124,925</u>
Total Noncurrent Liabilities	<u>183,906</u>

Total Liabilities	<u>239,535</u>
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NET POSITION

Net Investment in Capital Assets	4,057,126
Restricted Net Position	
Water Supply Fee Reserve	189,330
Storm Water Fee Reserve	803,938
Unrestricted Net Position	
Appropriated for Capital Outlay	1,523,123
Unrestricted Unappropriated Net Position	<u>350,000</u>
Total Net Position	<u>6,923,517</u>

TOTAL LIABILITIES AND NET POSITION	<u>\$ 7,163,052</u>
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(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, 2014

	<u>BUSINESS-TYPE ACTIVITY WATER AND WASTEWATER</u>
<u>OPERATING REVENUES</u>	
Metered Water Sales	\$ 811,379
Wastewater Sales Charges	1,747,193
Storm Water Fees	388,019
Connection and Platting	247,539
Customer Penalties	36,883
Customer Disconnect Fees	6,920
Tap Fees	<u>15,807</u>
Total Operating Revenues	<u>3,253,740</u>
<u>OPERATING EXPENSES</u>	
General and Administrative	597,816
Water System	888,351
Wastewater System	1,446,992
Stormwater System	261,754
Depreciation	<u>170,859</u>
Total Operating Expenses	<u>3,365,772</u>
Operating Income (Loss)	<u>(112,032)</u>
<u>NONOPERATING REVENUES</u>	
Interest Income	889
Miscellaneous	144,390
Impact Fees	<u>21,552</u>
Total Nonoperating Revenues	<u>166,831</u>
Net Income Before Transfers	54,799
Transfer Out	<u>(20,000)</u>
Change in Net Position	34,799
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>6,763,718</u>
RESTATEMENT OF NET POSITION	125,000
<u>NET POSITION AT BEGINNING OF YEAR – RESTATED</u>	<u>6,888,718</u>
NET POSITION AT END OF YEAR	<u>\$ 6,923,517</u>

CITY OF LEON VALLEY, TEXAS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Payments Received from Customers	\$ 3,272,197
Payments to Suppliers for Goods and Services	(2,195,146)
Payments for Salaries and Benefits	<u>(1,077,177)</u>
Net Cash Provided (Used) by Operating Activities	<u>(126)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(360,524)
Bandera Road Contribution	125,000
Impact and Service Fees	<u>165,942</u>
Net Cash Used by Capital and Related Financing Activities	<u>(69,582)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Transfer to Other Funds	<u>(20,000)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>889</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(88,819)</u>

CASH AND CASH EQUIVALENTS – BEGINNING

Cash and Cash Equivalents	2,715,406
Restricted Cash and Cash Equivalents	<u>122,197</u>
CASH AND CASH EQUIVALENTS – BEGINNING	<u>\$ 2,837,603</u>

CASH AND CASH EQUIVALENTS – ENDING

Cash and Cash Equivalents	\$ 2,623,859
Restricted Cash and Cash Equivalents	<u>124,925</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 2,748,784</u>

RECONCILIATION OF UTILITY OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	\$ (112,032)
Depreciation	170,859
(Increase) Decrease in Assets	
Accounts Receivable	15,729
Prepaid Expense	(1,496)
Increase (Decrease) in Liabilities	
Accounts Payable	(100,296)
Accrued Expenses	24,382
Customer Deposits	<u>2,728</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (126)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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
SEPTEMBER 30, 2014

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 generally 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, 2013, and became due October 1, 2013 have been assessed to finance the budget of the fiscal year beginning October 1, 2013 and, accordingly, have been reflected as deferred inflow of resources and taxes receivable in the fund financial statement at September 30, 2014.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The government reports the following major governmental funds:

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

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

Nonmajor funds include special revenue funds and debt service funds.

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

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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 (1) 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, 2013 and past due after January 31, 2014. 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, 2014

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, 2014

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, 2014 of \$78,641 and \$451,436 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 assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City does not have any transaction that qualifies for reporting in this category.

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 has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Fund Balance Classification Policies

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

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

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

T. Change in Accounting Policy

During the year, the District adopted GASB Statement GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65).

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: CASH AND CASH EQUIVALENTS

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

A. Cash

At September 30, 2014, the carrying amount of the City's cash on hand was \$1,400, deposits in the bank were \$1,479,077 and the book balance was \$1,872,593. The City's cash was fully collateralized. The component unit's bank deposits were \$645,593 and the book balance was \$605,651. This balance was fully collateralized.

B. Investments

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

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

The City's cash, and cash equivalents at September 30, 2014 are as shown below:

	REPORTED AND FAIR VALUE	WEIGHTED AVERAGE MATURITY	RATING	
			MOODY'S	S & P
TexPool	\$ 11,940,269	n/a	Aaa	AAAm
Cash on Hand	1,400	n/a	n/a	n/a
Bank Deposits	<u>1,872,593</u>	n/a	n/a	n/a
TOTAL CASH, CASH EQUIVALENTS, AND INVESTMENTS	<u>\$ 13,814,262</u>			
Unrestricted	<u>13,689,337</u>			
RESTRICTED	<u>\$ 124,925</u>			

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

C. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

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

At September 30, 2014, the City's investments were in TexPool, a public funds investment pool where all securities held maintain a continuous rating of no lower than Aaa or AAAM or an equivalent rating by at least one nationally recognized rating service.

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

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

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

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

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

D. Investment Policy

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

E. Public Funds Investment Pools

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

NOTE 3: RECEIVABLES

A. Special Assessments

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

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	\$ 230,744	\$ (30,369)	\$ 200,375
EMS Receivables	209,384	(209,384)	-
Special Assessment	11,744	-	11,744
Accounts	54,945	-	54,945
Utility	360,546	(12,470)	348,076

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, 2013, upon which the fiscal 2014 levy was based, was \$707,418,512 (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, 2014 was \$.582915 per \$100 of assessed value, which means that the City has a tax margin of \$1.917085 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, 2014

NOTE 5: INTERFUND TRANSACTIONS

Transfers consisted of the following:

		<u>PURPOSE</u>
Capital Projects		
Transfers from General Fund	\$(116,997)	Program Supplement
Transfers from CIED Fund	(12,575)	Program Supplement
Transfers from Community Center Fund	(20,000)	Program Supplement
Transfers from Water and Wastewater Fund	(20,000)	Program Supplement
Transfers from Police Seizure Fund	<u>(38,198)</u>	Program Supplement
 TOTAL CAPITAL PROJECTS FUND	 (207,770)	
Building Security Fund		
Transfers from General Fund	<u>(13,000)</u>	Program Supplement
 TOTAL TRANSFERS	 <u>\$(220,770)</u>	

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CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 6: CAPITAL ASSETS

Governmental capital asset activity for the year ended September 30, 2014 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	\$ 761,261	\$ 56,085	\$ -	\$ 817,346
Construction in Progress	-	3,037,014	-	3,037,014
Total Capital Assets not being Depreciated	<u>761,261</u>	<u>3,093,099</u>	<u>-</u>	<u>3,854,360</u>
Capital Assets being Depreciated				
Buildings	3,872,271	-	-	3,872,271
Transportation and Equipment	5,306,274	422,632	(8,768)	5,720,138
Infrastructure	10,789,688	393,430	(103,706)	11,079,412
Total Capital Assets being Depreciated	<u>19,968,233</u>	<u>816,062</u>	<u>(112,474)</u>	<u>20,671,821</u>
Less Accumulated Depreciation:				
Buildings	(1,486,896)	(70,215)	-	(1,557,111)
Transportation and Equipment	(3,416,727)	(356,127)	8,768	(3,764,086)
Infrastructure	(6,647,229)	(152,520)	103,706	(6,696,043)
Total Accumulated Depreciation	<u>(11,550,852)</u>	<u>(578,862)</u>	<u>112,474</u>	<u>(12,017,240)</u>
Total Capital Assets being Depreciated - Net	<u>8,417,381</u>	<u>237,200</u>	<u>-</u>	<u>8,654,581</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 9,178,642</u>	<u>\$ 3,330,299</u>	<u>\$ -</u>	<u>\$ 12,508,941</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 96,383	\$ 16,844	\$ -	\$ 113,227
Water Rights	1,055,539	258,264	-	1,313,803
Total Capital Assets not being Depreciated	<u>1,151,922</u>	<u>275,108</u>	<u>-</u>	<u>1,427,030</u>
Capital Assets being Depreciated				
Buildings	25,403	-	-	25,403
Improvements Other than Buildings	6,644,883	85,416	-	6,730,299
Transportation and Equipment	653,011	-	(12,982)	640,029
Total Capital Assets being Depreciated	<u>7,323,297</u>	<u>85,416</u>	<u>(12,982)</u>	<u>7,395,731</u>
Less Accumulated Depreciation				
Buildings	(18,707)	(410)	-	(19,117)
Improvements Other than Buildings	(4,107,112)	(134,397)	-	(4,241,509)
Transportation and Equipment	(481,939)	(36,052)	12,982	(505,009)
Total Accumulated Depreciation	<u>(4,607,758)</u>	<u>(170,859)</u>	<u>12,982</u>	<u>(4,765,635)</u>
Total Capital Assets being Depreciated - Net	<u>2,715,539</u>	<u>(85,443)</u>	<u>-</u>	<u>2,630,096</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 3,867,461</u>	<u>\$ 189,665</u>	<u>\$ -</u>	<u>\$ 4,057,126</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities

Administration	\$ 46,359
Public Safety	245,355
Public Works	178,620
Parks and recreation	29,192
Community Development	62,746
Library	<u>16,590</u>

TOTAL DEPRECIATION EXPENSE – GOVERNMENTAL ACTIVITIES \$ 578,862

Business-Type Activities

Water and Wastewater Utilities	<u>\$ 170,859</u>
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NOTE 7: LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2014 were comprised of the following individual issues:

	<u>BALANCE</u> <u>9/30/2013</u>	<u>ADDITIONS</u>	<u>PAYMENTS</u>	<u>BALANCE</u> <u>9/30/2014</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Refunding Bonds, Series 2009 Original Amount of \$2,575,000 Interest Rate 3.12%	\$ 1,530,000	\$ -	\$ (290,000)	\$ 1,240,000	\$295,000
Public Property Finance Contract, 2009 Original Amount of \$1,060,000 Interest Rate of 4.42%	910,000	-	(40,000)	870,000	45,000
General Obligation Bonds, Series 2012 Original Amount of \$7,000,000 Interest Rate 1.25–3.25%	6,975,000	-	(90,000)	6,885,000	90,000
Issuance Premium	<u>131,055</u>	<u>-</u>	<u>(6,959)</u>	<u>124,096</u>	<u>6,959</u>
Subtotal	9,546,055	-	(426,959)	9,119,096	\$436,959
Compensated Absences	<u>405,274</u>	<u>147,481</u>	<u>(101,319)</u>	<u>451,436</u>	<u>112,859</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 9,951,329</u>	<u>\$ 147,481</u>	<u>\$ (528,278)</u>	<u>\$ 9,570,532</u>	<u>\$ 549,818</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 64,996</u>	<u>\$ 29,894</u>	<u>\$ (16,249)</u>	<u>\$ 78,641</u>	<u>\$ 19,660</u>

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

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 7: LONG-TERM DEBT (CONTINUED)

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

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2014, including interest payments, are as follows:

YEAR ENDING SEPTEMBER 30,	PRINCIPAL	INTEREST	TOTAL
2015	\$ 430,000	\$ 245,946	\$ 675,946
2016	445,000	233,370	678,370
2017	460,000	219,505	679,505
2018	475,000	203,810	678,810
2019	440,000	193,498	633,498
2020-2024	2,350,000	813,781	3,163,781
2025-2029	2,655,000	499,013	3,154,013
2030-2032	<u>1,740,000</u>	<u>111,956</u>	<u>1,851,956</u>
	<u>\$ 8,995,000</u>	<u>\$ 2,520,879</u>	<u>\$ 11,515,879</u>

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

A. Plan Description (Continued)

	<u>PLAN YEAR 2013</u>	<u>PLAN YEAR 2014</u>
Employee Deposit Rate	6.0%	6.0%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	10	10
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/10, 0/20	60/10, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating	70% of CPI Repeating

B. Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

<u>YEAR</u>	<u>(A) ACTUARIAL VALUE OF ASSETS</u>	<u>(B) ACTUARIAL ACCRUED LIABILITY</u>	<u>(C) (A)/(B) FUNDING RATIO</u>	<u>(D) UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)</u>	<u>(E) ANNUAL COVERED PAYROLL</u>	<u>(D)/(E) UAAL AS A PERCENT OF COVERED PAYROLL</u>
2013	\$ 31,309,583	\$ 36,144,116	86.60%	\$ 4,834,533	\$ 4,546,489	106.30%

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

B. Contributions (Continued)

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information of the latest actuarial valuation at December 31, 2013 also follows:

Actuarial Valuation Date	<u>DECEMBER 31, 2013</u>	<u>DECEMBER 31, 2012</u>	<u>DECEMBER 31, 2011</u>
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	22.0 years; closed period	25.2 years; closed period	26.1 years; closed period
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-Year Smoothed Market	10-Year Smoothed Market	10-Year Smoothed Market
Actuarial Assumptions			
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
Inflation	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	2.10%

C. 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.

D. 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.

E. 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.

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 8: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

E. Contributions (Continued)

The City's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$9,739, \$11,927, and \$11,788, respectively, which equaled the required contributions each year. A schedule of contribution rates follows:

<u>PLAN YEAR</u>	<u>ANNUAL REQUIRED CONTRIBUTION RATE</u>	<u>ACTUAL CONTRIBUTION MADE</u>	<u>PERCENT CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
2014	0.04%	0.04%	100%	\$ -
2013	0.04	0.04	100	-
2012	0.03	0.03	100	-

NOTE 9: FUND BALANCE CATEGORIES

	<u>GENERAL FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Non-Spendable			
Prepaid Expenditures	\$ 42,016	\$ 1,310	\$ 43,326
Inventory	12,615	-	12,615
	<u>54,631</u>	<u>1,310</u>	<u>55,941</u>
Restricted			
Capital Projects	-	4,148,690	4,148,690
Public Education Grants	90,228	-	90,228
Park Bucks Program	266	-	266
Debt Service	-	256,246	256,246
State Police Forfeiture	-	3,465	3,465
Federal Police Forfeiture	-	263,365	263,365
Building Security	-	4,766	4,766
Court Technology	-	42,500	42,500
Child Safety	-	12,654	12,654
Crime Control and Prevention District	-	113,966	113,966
Street Maintenance Tax	-	1,017,086	1,017,086
	<u>90,494</u>	<u>5,862,738</u>	<u>5,953,232</u>
Committed			
Natural or Man-Made Disasters	900,000	-	900,000
CIED	-	795,672	795,672
	<u>900,000</u>	<u>795,672</u>	<u>1,695,672</u>
Assigned			
Library Construction	25,275	-	25,275
Community and Conference Center	-	105,373	105,373
	<u>25,275</u>	<u>105,373</u>	<u>130,648</u>
Unassigned	<u>2,756,058</u>	<u>-</u>	<u>2,756,058</u>
TOTALS	<u>\$ 3,826,458</u>	<u>\$ 6,765,093</u>	<u>\$ 10,591,551</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 9: FUND BALANCE CATEGORIES (CONTINUED)

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

NOTE 10: CONTINGENCIES

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

NOTE 11: RISK MANAGEMENT

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

NOTE 12: RESTATEMENT OF FUND BALANCES AND NET POSITION

General Fund and Wastewater Fund

The beginning fund balance of the General Fund and the beginning net position of the Water and Wastewater Fund has been restated to record a prior period adjustment to correct capital contribution revenues recorded in prior years. A reconciliation is as follows:

	General Fund	Water and Wastewater Fund
Beginning Fund Balance, Net Position	\$ 3,652,107	\$ 6,763,718
Restatement to Correct Capital Contribution	(125,000)	125,000
Beginning Fund Balance, Net Position as Restated	\$ 3,527,107	\$ 6,888,718

Additionally, the adoption of GASB Statement No. 65 required a retroactive adjustment to recognize the costs associated with the bond issuance that were previously deferred and amortized as an outflow of resources in the reporting period in which they were incurred. With the adoption of GASB No. 65, the governmental activities beginning net position in the statement of activities has been restated by \$182,481.

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REQUIRED SUPPLEMENTARY INFORMATION

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

- Budgetary Comparison Schedule - General Fund
- Schedule of Funding Progress - Defined Benefit

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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	BUDGET AMOUNTS		2014 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2013 ACTUAL
	ORIGINAL	FINAL			
REVENUES					
Property Taxes	\$ 3,237,200	\$ 3,237,200	\$ 3,286,957	\$ 49,757	\$ 3,164,070
Sales Taxes	1,855,346	1,855,346	2,245,559	390,213	1,933,466
Franchise Fees	707,181	707,181	857,932	150,751	701,468
Licenses, Permits, Fees and Fines	1,011,551	1,011,551	966,172	(45,379)	1,038,869
Grants	-	-	5,323	5,323	4,523
Other	138,390	138,390	196,256	57,866	347,026
Total Revenues	<u>6,949,668</u>	<u>6,949,668</u>	<u>7,558,199</u>	<u>608,531</u>	<u>7,189,422</u>
EXPENDITURES					
Administration					
Business Office					
Personnel Services	79,009	79,009	67,247	11,762	71,065
Supplies	8,230	8,230	6,954	1,276	6,525
Contracted Services	66,900	66,900	52,562	14,338	72,754
Total Business Office	<u>154,139</u>	<u>154,139</u>	<u>126,763</u>	<u>27,376</u>	<u>150,344</u>
Finance and Accounting					
Personnel Services	133,468	133,468	132,923	545	131,170
Supplies	6,800	6,800	5,624	1,176	4,755
Contracted Services	71,422	71,422	66,943	4,479	74,007
Capital Outlay	10,000	10,000	-	10,000	-
Total Finance and Accounting	<u>221,690</u>	<u>221,690</u>	<u>205,490</u>	<u>16,200</u>	<u>209,932</u>
Council and Manager					
Personnel Services	207,644	207,644	218,692	(11,048)	179,464
Supplies	18,640	18,640	14,522	4,118	13,402
Contracted Services	196,548	196,548	178,197	18,351	107,214
Capital Outlay	-	-	-	-	-
Total Council and Manager	<u>422,832</u>	<u>422,832</u>	<u>411,411</u>	<u>11,421</u>	<u>300,080</u>
Total Administration	<u>798,661</u>	<u>798,661</u>	<u>743,664</u>	<u>54,997</u>	<u>660,356</u>
Public Safety					
Law Enforcement Administration					
Personnel Services	319,979	319,979	293,587	26,392	207,168
Supplies	6,500	6,500	3,675	2,825	2,696
Contracted Services	56,971	56,971	64,860	(7,889)	30,764
Total Law Enforcement Administration	<u>383,450</u>	<u>383,450</u>	<u>362,122</u>	<u>21,328</u>	<u>240,628</u>
Law Enforcement Patrol					
Personnel Services	1,145,721	1,145,721	1,135,696	10,025	1,029,686
Supplies	83,400	83,400	73,440	9,960	62,792
Contracted Services	9,700	9,700	5,060	4,640	28,493
Capital Outlay	-	-	-	-	-
Total Law Enforcement Patrol	<u>1,238,821</u>	<u>1,238,821</u>	<u>1,214,196</u>	<u>24,625</u>	<u>1,120,971</u>
Law Enforcement Communications					
Personnel Services	276,193	276,193	228,049	48,144	240,988
Supplies	2,200	2,200	1,256	944	833
Contracted Services	2,900	2,900	1,576	1,324	3,186
Total Law Enforcement Communications	<u>281,293</u>	<u>281,293</u>	<u>230,881</u>	<u>50,412</u>	<u>245,007</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	BUDGET AMOUNTS		2014 ACTUAL	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)	2013 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Public Safety (Continued)					
Law Enforcement Investigations					
Personnel Services	\$ 308,883	\$ 308,883	\$ 261,033	\$ 47,850	\$ 285,730
Supplies	2,600	2,600	676	1,924	514
Contracted Services	5,500	5,500	914	4,586	1,945
Total Law Enforcement Investigations	<u>316,983</u>	<u>316,983</u>	<u>262,623</u>	<u>54,360</u>	<u>288,189</u>
Law Enforcement Narcotics					
Personnel Services	75,474	75,474	73,765	1,709	73,012
Contracted Services	136	136	109	27	102
Total Law Enforcement Narcotics	<u>75,610</u>	<u>75,610</u>	<u>73,874</u>	<u>1,736</u>	<u>73,114</u>
Fire Protection Administration					
Personnel Services	216,827	216,827	201,667	15,160	159,658
Supplies	4,914	4,914	5,520	(606)	10,392
Contracted Services	35,346	35,346	33,444	1,902	35,326
Capital Outlay	-	-	-	-	15,259
Total Fire Protection Administration	<u>257,087</u>	<u>257,087</u>	<u>240,631</u>	<u>16,456</u>	<u>220,635</u>
Fire Protection Operations					
Personnel Services	1,643,875	1,643,875	1,527,928	115,947	1,609,765
Supplies	31,237	31,237	35,905	(4,668)	27,551
Contracted Services	70,830	70,830	76,939	(6,109)	75,838
Capital Outlay	190,480	195,803	170,737	25,066	44,741
Total Fire Protection Operations	<u>1,936,422</u>	<u>1,941,745</u>	<u>1,811,509</u>	<u>130,236</u>	<u>1,757,895</u>
Emergency Medical Services					
Supplies	39,610	39,610	27,641	11,969	38,745
Contracted Services	68,576	69,026	77,804	(8,778)	69,662
Capital Outlay	-	-	7,280	(7,280)	30,847
Total Emergency Medical Services	<u>108,186</u>	<u>108,636</u>	<u>112,725</u>	<u>(4,089)</u>	<u>139,254</u>
Total Public Safety	<u>4,597,852</u>	<u>4,603,625</u>	<u>4,308,561</u>	<u>295,064</u>	<u>4,085,693</u>
Public Works					
Public Works					
Personnel Services	671,134	671,134	659,706	11,428	648,003
Supplies	147,000	147,000	140,811	6,189	107,106
Contracted Services	229,650	264,580	258,439	6,141	206,654
Capital Outlay	130,000	130,000	102,876	27,124	31,809
Total Public Works	<u>1,177,784</u>	<u>1,212,714</u>	<u>1,161,832</u>	<u>50,882</u>	<u>993,572</u>
Parks and Recreation					
Personnel Services	83,766	83,766	78,277	5,489	57,002
Supplies	15,000	15,000	62,314	(47,314)	17,519
Contracted Services	14,500	14,500	17,052	(2,552)	12,281
Capital Outlay	100,000	100,000	46,380	53,620	-
Total Parks and Recreation	<u>213,266</u>	<u>213,266</u>	<u>204,023</u>	<u>9,243</u>	<u>86,802</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	BUDGET AMOUNTS		2014 ACTUAL	VARIANCE WITH FINAL BUDGET – POSITIVE (NEGATIVE)	2013 ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES (CONTINUED)					
Library					
Personnel Services	\$ 204,591	\$ 204,591	\$ 210,324	\$ (5,733)	\$ 202,007
Supplies	23,675	23,675	32,641	(8,966)	34,893
Contracted Services	38,933	38,933	45,906	(6,973)	30,688
Capital Outlay	20,000	20,000	-	20,000	555,568
Total Library	<u>287,199</u>	<u>287,199</u>	<u>288,871</u>	<u>(1,672)</u>	<u>823,156</u>
Development Activities					
Community Development/Events					
Personnel Services	105,249	105,249	102,514	2,735	148,691
Supplies	5,400	5,400	2,869	2,531	8,455
Contracted Services	94,626	94,626	95,878	(1,252)	130,012
Capital Outlay	-	-	-	-	-
Total Community Development/Events	<u>205,275</u>	<u>205,275</u>	<u>201,261</u>	<u>4,014</u>	<u>287,158</u>
Special Events					
Personnel Services	-	12,624	10,188	2,436	-
Supplies	13,000	62,886	62,888	(2)	10,899
Total Special Events	<u>13,000</u>	<u>75,510</u>	<u>73,076</u>	<u>2,434</u>	<u>10,899</u>
Economic Development					
Personnel Services	119,916	119,916	110,632	9,284	111,762
Supplies	2,720	2,720	2,228	492	1,493
Contracted Services	14,403	14,403	10,654	3,749	9,081
Capital Outlay	24,049	24,049	24,049	-	-
Total Economic Development	<u>161,088</u>	<u>161,088</u>	<u>147,563</u>	<u>13,525</u>	<u>122,336</u>
Total Development Activities	<u>379,363</u>	<u>441,873</u>	<u>421,900</u>	<u>19,973</u>	<u>420,393</u>
Total Expenditures	<u>7,454,125</u>	<u>7,557,338</u>	<u>7,128,851</u>	<u>428,487</u>	<u>7,069,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(504,457)</u>	<u>103,213</u> <u>(607,670)</u>	<u>429,348</u>	<u>1,037,018</u>	<u>119,450</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	227,216
Transfers Out	(13,000)	(129,997)	(129,997)	-	(10,000)
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>(129,997)</u>	<u>(129,997)</u>	<u>-</u>	<u>217,216</u>
Net Change in Fund Balance	(517,457)	(737,667)	299,351	1,037,018	336,666
FUND BALANCE – BEGINNING	<u>3,652,107</u>	<u>3,652,107</u>	<u>3,652,107</u>	<u>-</u>	<u>3,315,441</u>
RESTATEMENT OF FUND BALANCE	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>	<u>3,542,657</u>
FUND BALANCE – BEGINNING RESTATED	<u>3,527,107</u>	<u>3,527,107</u>	<u>3,527,107</u>	<u>-</u>	<u>3,759,873</u>
FUND BALANCE – ENDING	<u>\$ 3,009,650</u>	<u>\$ 2,789,440</u>	<u>\$ 3,826,458</u>	<u>\$ 1,037,018</u>	<u>\$ 3,652,107</u>

CITY OF LEON VALLEY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2014

NOTE 1: BUDGETARY INFORMATION

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

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

CITY OF LEON VALLEY, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
YEAR ENDED SEPTEMBER 30, 2014

YEAR	(A) ACTUARIAL VALUE OF ASSETS	(B) ACTUARIAL ACCRUED LIABILITY	(C) (A)/(B) FUNDING RATIO	(D) UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	(E) ANNUAL COVERED PAYROLL	(D)/(E) UAAL AS A PERCENT OF COVERED PAYROLL
2011	\$ 27,729,485	\$ 31,993,586	86.70%	\$ 4,264,101	\$4,456,281	95.70%
2012	29,437,257	33,307,361	88.40%	3,870,104	4,568,492	84.71%
2013	31,309,583	36,144,116	86.60%	4,834,533	4,546,489	106.30%

The Schedule of Funding Progress summarizes the actuarial value of the City's assets and actuarial liability as of December 31, 2013 and each of the two preceding calendar years. The data presented in the schedule was obtained from the independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the annual progress of funding the actuarial liability in accordance with the actuarial funding method. The primary measure of funding progress is the funded ratio (i.e. actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates improvement in the ability to pay all projected benefits as they become due. The plan is fully funded if the funded ratio is greater than or equal to 100%. During the year ended December 31, 2013, the funded ratio decreased from 88.40% to 86.60%

The Schedule of Funding Progress also discloses the relationship between the covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded actuarial accrued liability. The relationship, expressed as a ratio, is a measure of the significance of the funded actuarial accrued liability relative to the capacity to pay all contributions required to fund the liability. During the year ended December 31, 2013, the ratio of the unfunded actuarial accrued liability to its covered payroll increased from 84.71% to 106.30%.

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 portion of municipal fines that are allocated to building security and the allowed expenditures.
- **Court Technology** – Accounts for portion of municipal fines that are allocated to court technology and the allowed expenditures.
- **CIED Fund** – Accounts for CPS Energy collections to be used for ongoing City operations.
- **Street Maintenance Fund** – Accounts for sales tax collections for street maintenance. This special tax was approved by voters in November 2007.

DEBT SERVICE FUNDS

These funds are 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, 2014

	<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	\$ 114,894	\$ 64	\$ 73,804	\$ 11,874	\$ 3,465
Accounts Receivable - Net of Allowance					
Property Taxes	-	-	-	-	-
Special Assessment	-	-	-	-	-
Other	16,447	-	-	974	-
Prepaid Items	764	-	546	-	-
Due from Other Governments	-	-	40,162	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 132,105</u>	<u>\$ 64</u>	<u>\$ 114,512</u>	<u>\$ 12,848</u>	<u>\$ 3,465</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 4,743	\$ 64	\$ -	\$ -	\$ -
Accrued Expenditures	1,679	-	-	194	-
Deposits Payable	19,546	-	-	-	-
Total Liabilities	<u>25,968</u>	<u>64</u>	<u>-</u>	<u>194</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	-	-	-	-	-
<u>FUND BALANCES</u>					
Nonspendable	764	-	546	-	-
Restricted	-	-	113,966	12,654	3,465
Committed	-	-	-	-	-
Assigned	105,373	-	-	-	-
Total Fund Balances	<u>106,137</u>	<u>-</u>	<u>114,512</u>	<u>12,654</u>	<u>3,465</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 132,105</u>	<u>\$ 64</u>	<u>\$ 114,512</u>	<u>\$ 12,848</u>	<u>\$ 3,465</u>

FEDERAL POLICE FORFEITURE	BUILDING SECURITY	COURT TECHNOLOGY	CIED	STREET MAINTENANCE TAX	DEBT SERVICE SERVICE	TOTALS
\$ 269,096	\$ 4,434	\$ 42,500	\$ 807,390	\$ 926,166	\$ 256,076	\$ 2,509,763
-	-	-	-	-	25,678	25,678
-	-	-	-	-	11,744	11,744
-	332	-	-	-	170	17,923
-	-	-	-	-	-	1,310
-	-	-	-	90,920	-	131,082
<u>\$ 269,096</u>	<u>\$ 4,766</u>	<u>\$ 42,500</u>	<u>\$ 807,390</u>	<u>\$ 1,017,086</u>	<u>\$ 293,668</u>	<u>\$ 2,697,500</u>
\$ 5,731	\$ -	\$ -	\$ 11,718	\$ -	\$ -	\$ 22,256
-	-	-	-	-	-	1,873
-	-	-	-	-	-	19,546
<u>5,731</u>	<u>-</u>	<u>-</u>	<u>11,718</u>	<u>-</u>	<u>-</u>	<u>43,675</u>
-	-	-	-	-	37,422	37,422
-	-	-	-	-	-	1,310
263,365	4,766	42,500	-	1,017,086	256,246	1,714,048
-	-	-	795,672	-	-	795,672
-	-	-	-	-	-	105,373
<u>263,365</u>	<u>4,766</u>	<u>42,500</u>	<u>795,672</u>	<u>1,017,086</u>	<u>256,246</u>	<u>2,616,403</u>
<u>\$ 269,096</u>	<u>\$ 4,766</u>	<u>\$ 42,500</u>	<u>\$ 807,390</u>	<u>\$ 1,017,086</u>	<u>\$ 293,668</u>	<u>\$ 2,697,500</u>

CITY OF LEON VALLEY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2014

	<u>COMMUNITY CENTER</u>	<u>GRANTS</u>	<u>CRIME CONTROL AND PREVENTION DISTRICT</u>	<u>CHILD SAFETY</u>	<u>STATE POLICE FORFEITURE</u>
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Taxes	95,479	-	114,512	-	-
Franchise Fees	-	-	-	-	-
Fines and Forfeitures	-	-	-	13,089	-
Grants	-	2,781	-	-	-
Rent	91,125	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	-	-	-	-	3,465
Total Revenues	<u>186,604</u>	<u>2,781</u>	<u>114,512</u>	<u>13,089</u>	<u>3,465</u>
<u>EXPENDITURES</u>					
Current					
Administration	-	-	-	-	-
Public Safety	-	2,781	-	10,453	-
Public Works	-	-	-	-	-
Community Development	185,217	-	-	-	-
Capital Outlay	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Fiscal Agent Fees and Bond Issue Costs	-	-	-	-	-
Total Expenditures	<u>185,217</u>	<u>2,781</u>	<u>-</u>	<u>10,453</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,387	-	114,512	2,636	3,465
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	-	-	-	-
Transfers Out	(20,000)	-	-	-	(38,198)
Total Other Financing Sources (Uses)	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,198)</u>
Net Change in Fund Balances	(18,613)	-	114,512	2,636	(34,733)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>124,750</u>	<u>-</u>	<u>-</u>	<u>10,018</u>	<u>38,198</u>
FUND BALANCES AT END OF YEAR	<u>\$ 106,137</u>	<u>\$ -</u>	<u>\$ 114,512</u>	<u>\$ 12,654</u>	<u>\$ 3,465</u>

<u>FEDERAL POLICE FORFEITURE</u>	<u>BUILDING SECURITY</u>	<u>COURT TECHNOLOGY</u>	<u>CIED</u>	<u>STREET MAINTENANCE TAX</u>	<u>DEBT SERVICE SERVICE</u>	<u>TOTALS</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,476	\$ 725,476
-	-	-	-	553,819	-	763,810
-	-	-	37,242	-	-	37,242
86,925	11,703	15,591	-	-	-	127,308
-	-	-	-	-	-	2,781
-	-	-	-	-	-	91,125
100	-	-	386	196	-	682
<u>5,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,267</u>
<u>92,827</u>	<u>11,703</u>	<u>15,591</u>	<u>37,628</u>	<u>554,015</u>	<u>725,476</u>	<u>1,757,691</u>
-	-	23,628	2,550	-	-	26,178
93,808	20,459	-	-	-	-	127,501
-	-	-	-	403,791	-	403,791
-	-	-	-	-	-	185,217
117,690	-	-	506,422	-	-	624,112
-	-	-	-	-	-	-
-	-	-	-	-	420,000	420,000
-	-	-	-	-	257,121	257,121
-	-	-	-	-	1,500	1,500
<u>211,498</u>	<u>20,459</u>	<u>23,628</u>	<u>508,972</u>	<u>403,791</u>	<u>678,621</u>	<u>2,045,420</u>
(118,671)	(8,756)	(8,037)	(471,344)	150,224	46,855	(287,729)
-	13,000	-	-	-	-	13,000
-	-	-	(12,575)	-	-	(70,773)
-	<u>13,000</u>	<u>-</u>	<u>(12,575)</u>	<u>-</u>	<u>-</u>	<u>(57,773)</u>
(118,671)	4,244	(8,037)	(483,919)	150,224	46,855	(345,502)
<u>382,036</u>	<u>522</u>	<u>50,537</u>	<u>1,279,591</u>	<u>866,862</u>	<u>209,391</u>	<u>2,961,905</u>
<u>\$ 263,365</u>	<u>\$ 4,766</u>	<u>\$ 42,500</u>	<u>\$ 795,672</u>	<u>\$ 1,017,086</u>	<u>\$ 256,246</u>	<u>\$ 2,616,403</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY CENTER FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>REVENUES</u>					
Hotel/Motel Taxes	\$ 83,082	\$ 83,082	\$ 95,479	\$ 12,397	\$ 94,396
Rent	<u>83,551</u>	<u>83,551</u>	<u>91,125</u>	<u>7,574</u>	<u>83,470</u>
Total Revenues	<u>166,633</u>	<u>166,633</u>	<u>186,604</u>	<u>19,971</u>	<u>177,866</u>
<u>EXPENDITURES</u>					
Current					
Community Development	158,600	163,600	185,217	(21,617)	133,694
Capital Outlay	<u>10,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Total Expenditures	<u>168,600</u>	<u>188,600</u>	<u>185,217</u>	<u>3,383</u>	<u>133,694</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	(1,967)	(21,967)	(18,613)	23,354	44,172
<u>FUND BALANCE - BEGINNING</u>	<u>124,750</u>	<u>124,750</u>	<u>124,750</u>	<u>-</u>	<u>80,578</u>
FUND BALANCE - ENDING	<u>\$ 122,783</u>	<u>\$ 102,783</u>	<u>\$ 106,137</u>	<u>\$ 23,354</u>	<u>\$ 124,750</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GRANTS FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>				
Grants	\$ -	\$ 2,781	\$ 2,781	\$ -
<u>EXPENDITURES</u>				
Current				
Public Safety	-	2,781	2,781	-
Net Change In Fund Balance	-	-	-	-
<u>FUND BALANCE - BEGINNING</u>	-	-	-	-
<u>FUND BALANCE - ENDING</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CHILD SAFETY FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Forfeitures	<u>\$ 11,600</u>	<u>\$ 13,089</u>	<u>\$ 1,489</u>	<u>\$ 13,197</u>
<u>EXPENDITURES</u>				
Current				
Public Safety	<u>12,378</u>	<u>10,453</u>	<u>1,925</u>	<u>27,389</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(778)	2,636	3,414	(14,192)
<u>FUND BALANCE - BEGINNING</u>	<u>10,018</u>	<u>10,018</u>	<u>-</u>	<u>24,210</u>
FUND BALANCE - ENDING	<u>\$ 9,240</u>	<u>\$ 12,654</u>	<u>\$ 3,414</u>	<u>\$ 10,018</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Miscellaneous	\$ -	\$ 3,465	\$ 3,465	\$ 12,808
<u>EXPENDITURES</u>				
Current				
Public Safety	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	-	(38,198)	38,198	-
Net Change In Fund Balance	-	(34,733)	41,663	12,808
<u>FUND BALANCE - BEGINNING</u>	<u>38,198</u>	<u>38,198</u>	<u>-</u>	<u>25,390</u>
FUND BALANCE - ENDING	<u>\$ 38,198</u>	<u>\$ 3,465</u>	<u>\$ 41,663</u>	<u>\$ 38,198</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>					
Fines and Forfeitures	\$ -	\$ -	\$ 86,925	\$ 86,925	\$ 78,103
Interest	-	-	100	100	413
Miscellaneous	-	-	5,802	5,802	-
Total Revenues	<u>-</u>	<u>-</u>	<u>92,827</u>	<u>92,827</u>	<u>78,516</u>
<u>EXPENDITURES</u>					
Current					
Public Safety	85,558	126,613	93,808	32,805	70,155
Capital Outlay	<u>114,000</u>	<u>114,000</u>	<u>117,690</u>	<u>(3,690)</u>	<u>94,698</u>
Total Expenditures	<u>199,558</u>	<u>240,613</u>	<u>211,498</u>	<u>29,115</u>	<u>164,853</u>
Net Change In Fund Balance	(199,558)	(240,613)	(118,671)	121,942	(86,337)
<u>FUND BALANCE – BEGINNING</u>	<u>472,517</u>	<u>472,517</u>	<u>382,036</u>	<u>-</u>	<u>468,373</u>
FUND BALANCE – ENDING	<u>\$ 272,959</u>	<u>\$ 231,904</u>	<u>\$ 263,365</u>	<u>\$ 121,942</u>	<u>\$ 382,036</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Fines and Forfeitures	\$ 9,500	\$ 11,703	\$ 2,203	\$ 11,383
<u>EXPENDITURES</u>				
Current				
Public Safety	21,840	20,459	1,381	21,566
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,000	13,000	-	10,000
Net Change in Fund Balance	(2,340)	4,244	3,584	(183)
<u>FUND BALANCE - BEGINNING</u>	522	522	-	705
FUND BALANCE - ENDING	\$ (1,818)	\$ 4,766	\$ 3,584	\$ 522

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>2014 ACTUAL AMOUNTS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>	<u>2013 ACTUAL AMOUNTS</u>
<u>REVENUES</u>				
Fines and Forfeitures	\$ 18,700	\$ 15,591	\$ (3,109)	\$ 15,130
<u>EXPENDITURES</u>				
Current				
Administration	20,000	23,628	(3,628)	23,899
Capital Outlay	10,000	-	10,000	-
Total Expenditures	<u>30,000</u>	<u>23,628</u>	<u>6,372</u>	<u>23,899</u>
Net Change In Fund Balance	(11,300)	(8,037)	3,263	(8,769)
<u>FUND BALANCE - BEGINNING</u>	<u>50,537</u>	<u>50,537</u>	<u>-</u>	<u>59,306</u>
FUND BALANCE - ENDING	<u>\$ 39,237</u>	<u>\$ 42,500</u>	<u>\$ 3,263</u>	<u>\$ 50,537</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CIED FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>					
Franchise Fees	\$ -	\$ -	\$ 37,242	\$ 37,242	\$ 1,172,352
Interest	-	-	386	386	731
Total Revenues	<u>-</u>	<u>-</u>	<u>37,628</u>	<u>37,628</u>	<u>1,173,083</u>
<u>EXPENDITURES</u>					
Current					
Administration	1,492,455	1,492,455	2,550	1,489,905	46,207
Capital Outlay	-	-	506,422	(506,422)	-
Total Expenditures	<u>1,492,455</u>	<u>1,492,455</u>	<u>508,972</u>	<u>983,483</u>	<u>46,207</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers Out	-	(12,575)	(12,575)	-	(227,216)
Net Change In Fund Balance	-	-	(483,919)	(945,855)	899,660
<u>FUND BALANCE - BEGINNING</u>	<u>1,279,591</u>	<u>1,279,591</u>	<u>1,279,591</u>	<u>-</u>	<u>379,931</u>
FUND BALANCE - ENDING	<u>\$ 1,279,591</u>	<u>\$ 1,279,591</u>	<u>\$ 795,672</u>	<u>\$ (945,855)</u>	<u>\$ 1,279,591</u>

CITY OF LEON VALLEY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET MAINTENANCE TAX FUND
YEAR ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Sales Taxes	\$ 457,050	\$ 553,819	\$ 96,769	\$ 475,549
Interest	-	196	196	335
Total Revenues	<u>457,050</u>	<u>554,015</u>	<u>96,965</u>	<u>475,884</u>
<u>EXPENDITURES</u>				
Current				
Public Works	<u>955,799</u>	<u>403,791</u>	<u>552,008</u>	<u>10,721</u>
Net Change In Fund Balance	(498,749)	150,224	648,973	465,163
<u>FUND BALANCE - BEGINNING</u>	<u>866,862</u>	<u>866,862</u>	<u>-</u>	<u>401,699</u>
 FUND BALANCE - ENDING	 <u>\$ 368,113</u>	 <u>\$ 1,017,086</u>	 <u>\$ 648,973</u>	 <u>\$ 866,862</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL AND FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>				
Property Taxes	\$ 657,741	\$ 725,476	\$ 67,735	\$ 645,285
<u>EXPENDITURES</u>				
Debt Service				
Principal	420,000	420,000	-	345,000
Interest	257,121	257,121	-	270,019
Fiscal Agent Fees	1,500	1,500	-	1,500
Total Expenditures	<u>678,621</u>	<u>678,621</u>	<u>-</u>	<u>616,519</u>
Net Change In Fund Balance	(20,880)	46,855	67,735	28,766
<u>FUND BALANCE - BEGINNING</u>	<u>209,391</u>	<u>209,391</u>	<u>-</u>	<u>180,625</u>
FUND BALANCE - ENDING	<u>\$ 188,511</u>	<u>\$ 256,246</u>	<u>\$ 67,735</u>	<u>\$ 209,391</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, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR 2013)

	ORIGINAL BUDGET	FINAL BUDGET	2014 ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2013 ACTUAL AMOUNTS
<u>REVENUES</u>					
Interest	\$ -	\$ 5,000	\$ 2,062	\$ (2,938)	\$ 7,548
Miscellaneous	-	-	-	-	4,348
Total Revenues	-	5,000	2,062	(2,938)	11,896
<u>EXPENDITURES</u>					
Current					
Administration	-	-	-	-	140,235
Capital Outlay	6,812,000	7,019,770	2,933,727	4,086,043	-
Total Expenditures	6,812,000	7,019,770	2,933,727	4,086,043	140,235
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	-	207,770	207,770	-	-
Net Change In Fund Balance	(6,812,000)	(7,014,770)	(2,723,895)	4,083,105	(128,339)
<u>FUND BALANCE - BEGINNING</u>	<u>6,872,585</u>	<u>6,872,585</u>	<u>6,872,585</u>	<u>-</u>	<u>7,000,924</u>
FUND BALANCE - ENDING	<u>\$ 60,585</u>	<u>\$ (142,185)</u>	<u>\$ 4,148,690</u>	<u>\$ 4,083,105</u>	<u>\$ 6,872,585</u>

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STATISTICAL SECTION

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>GOVERNMENTAL ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 4,910,474	\$ 5,179,075	\$ 5,740,687	\$ 5,926,527	\$ 6,147,970
Restricted	2,427,562	681,139	201,168	264,984	193,145
Unrestricted	<u>500,000</u>	<u>2,357,840</u>	<u>2,904,940</u>	<u>3,644,114</u>	<u>3,707,802</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 7,838,036</u>	 <u>\$ 8,218,054</u>	 <u>\$ 8,846,795</u>	 <u>\$ 9,835,625</u>	 <u>\$ 10,048,917</u>
<u>BUSINESS-TYPE ACTIVITIES</u>					
Net Investment in Capital Assets	\$ 3,658,048	\$ 3,666,494	\$ 3,783,149	\$ 3,645,700	\$ 3,635,029
Restricted	656,371	351,923	296,316	183,614	323,508
Unrestricted	<u>350,000</u>	<u>1,040,140</u>	<u>1,175,101</u>	<u>1,699,540</u>	<u>1,982,058</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 4,664,419</u>	 <u>\$ 5,058,557</u>	 <u>\$ 5,254,566</u>	 <u>\$ 5,528,854</u>	 <u>\$ 5,940,595</u>
<u>PRIMARY GOVERNMENT</u>					
Net Investment in Capital Assets	\$ 8,568,522	\$ 8,845,569	\$ 9,523,836	\$ 9,572,227	\$ 9,782,999
Restricted	3,083,933	1,033,062	497,484	448,598	516,653
Unrestricted	<u>850,000</u>	<u>3,397,980</u>	<u>4,080,041</u>	<u>5,343,654</u>	<u>5,689,860</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 12,502,455</u>	 <u>\$ 13,276,611</u>	 <u>\$ 14,101,361</u>	 <u>\$ 15,364,479</u>	 <u>\$ 15,989,512</u>

TABLE 1

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,213,549 132,581 <u>4,180,108</u>	\$ 5,639,798 101,101 <u>4,686,001</u>	\$ 5,934,633 101,677 <u>4,708,814</u>	\$ 6,374,117 157,074 <u>6,496,088</u>	\$ 7,414,439 90,494 <u>6,167,021</u>
<u>\$ 10,526,238</u>	<u>\$ 10,426,900</u>	<u>\$ 10,745,124</u>	<u>\$ 13,027,279</u>	<u>\$ 13,671,954</u>
\$ 3,897,305 339,733 <u>2,147,223</u>	\$ 4,138,854 568,056 <u>2,137,671</u>	\$ 3,998,041 762,316 <u>1,966,216</u>	\$ 3,867,460 1,066,500 <u>1,829,758</u>	\$ 4,057,126 993,268 <u>1,873,123</u>
<u>\$ 6,384,261</u>	<u>\$ 6,844,581</u>	<u>\$ 6,726,573</u>	<u>\$ 6,763,718</u>	<u>\$ 6,923,517</u>
\$ 10,110,854 472,314 <u>6,327,331</u>	\$ 9,778,652 669,157 <u>6,823,672</u>	\$ 9,932,674 863,993 <u>6,675,030</u>	\$ 10,241,577 1,223,574 <u>8,325,846</u>	\$ 11,471,565 1,083,762 <u>8,040,144</u>
<u>\$ 16,910,499</u>	<u>\$ 17,271,481</u>	<u>\$ 17,471,697</u>	<u>\$ 19,790,997</u>	<u>\$ 20,595,471</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
Administration	\$ 1,078,235	\$ 1,190,047	\$ 765,492	\$ 779,729
Public Safety	3,615,090	3,878,951	4,231,521	4,193,145
Public Works	1,300,917	1,308,385	1,299,599	1,163,379
Parks and Recreation	112,401	144,467	86,603	128,203
Library	245,212	254,557	251,388	249,227
Community Development	115,687	118,381	604,406	583,206
Capital Outlay	154,897	-	-	-
Interest on Long-Term Debt	196,576	211,851	165,231	154,669
Total Governmental Activities	<u>6,819,015</u>	<u>7,106,639</u>	<u>7,404,240</u>	<u>7,251,558</u>
<u>Business-Type Activities</u>				
Water and Wastewater Utilities	<u>1,907,911</u>	<u>2,113,195</u>	<u>2,211,014</u>	<u>2,367,414</u>
Total Primary Government Expenses	<u>8,726,926</u>	<u>9,219,834</u>	<u>9,615,254</u>	<u>9,618,972</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
Administration	145,094	281,274	206,565	171,923
Public Safety	1,313,069	1,314,782	1,281,684	1,566,669
Parks and Recreation	9,485	10,363	11,110	12,375
Library	3,063	3,508	2,911	2,936
Community Development	140,978	194,989	127,078	112,260
Operating Grants and Contributions	241,098	304,252	70,218	-
Capital Grants and Contributions	78,176	-	552,430	-
Total Governmental Activities Program Revenues	<u>1,930,963</u>	<u>2,109,168</u>	<u>2,251,996</u>	<u>1,866,163</u>
<u>Business-Type Activities</u>				
Charges for Service				
Water and Wastewater Utilities	<u>1,925,863</u>	<u>2,297,797</u>	<u>2,227,540</u>	<u>2,508,220</u>
Total Primary Government Program Revenues	<u>3,856,826</u>	<u>4,406,965</u>	<u>4,479,536</u>	<u>4,374,383</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (4,888,052)	\$ (4,997,471)	\$ (5,152,244)	\$ (5,385,395)
Business-Type Activities	<u>17,952</u>	<u>184,602</u>	<u>16,526</u>	<u>140,806</u>
Total Primary Government Net Expenses	<u>(4,870,100)</u>	<u>(4,812,869)</u>	<u>(5,135,718)</u>	<u>(5,244,589)</u>
<u>GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	2,670,674	2,922,878	3,112,736	3,427,337
Franchise Taxes	1,713,683	1,602,192	607,967	639,332
Sales Taxes	551,998	596,851	1,781,223	1,927,881
Interest and Investment Earnings	75,305	152,920	204,546	128,903
Miscellaneous	45,780	102,648	74,513	164,229
Transfers	15,900	-	-	-
Total Governmental Activities	<u>5,073,340</u>	<u>5,377,489</u>	<u>5,780,985</u>	<u>6,287,682</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	23,665	42,340	73,948	44,841
Miscellaneous	40,765	12,582	15,634	53,137
Impact Fees	30,505	154,614	89,901	35,504
Transfers	(15,900)	-	-	-
Total Business-Type Activities	<u>79,035</u>	<u>209,536</u>	<u>179,483</u>	<u>133,482</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	185,288	380,018	628,741	902,287
Business-Type Activities	<u>96,987</u>	<u>394,138</u>	<u>196,009</u>	<u>274,288</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 282,275</u>	<u>\$ 774,156</u>	<u>\$ 824,750</u>	<u>\$ 1,176,575</u>

TABLE 2

2009	2010	2011	2012	2013	2014
\$ 805,391	\$ 940,156	\$ 849,230	\$ 764,140	\$ 910,636	\$ 828,573
4,439,516	4,525,947	4,502,741	4,344,695	4,335,920	4,536,351
1,535,333	1,624,573	1,715,642	1,714,581	1,140,612	1,650,987
100,777	144,742	135,728	117,840	113,792	186,386
281,725	274,701	264,260	322,688	322,587	302,721
680,352	664,712	666,326	610,394	566,113	641,724
-	-	-	-	-	-
187,862	122,184	117,639	107,645	275,120	248,324
<u>8,030,956</u>	<u>8,297,015</u>	<u>8,251,566</u>	<u>7,981,983</u>	<u>7,664,780</u>	<u>8,395,066</u>
<u>2,357,800</u>	<u>2,631,544</u>	<u>2,796,812</u>	<u>3,218,973</u>	<u>3,282,774</u>	<u>3,365,772</u>
<u>10,388,756</u>	<u>10,928,559</u>	<u>11,048,378</u>	<u>11,200,956</u>	<u>10,947,554</u>	<u>11,760,838</u>
333,606	330,541	288,791	595,568	298,947	284,034
1,265,691	1,589,362	1,082,149	849,832	833,662	803,036
12,145	15,010	16,790	16,186	15,544	15,586
2,358	1,987	3,102	2,329	1,972	3,490
133,177	97,399	118,723	119,382	97,193	168,648
127,151	9,953	49,602	117,275	82,626	95,028
59,499	218,790	81,683	-	372,585	-
<u>1,933,627</u>	<u>2,263,042</u>	<u>1,640,840</u>	<u>1,700,572</u>	<u>1,702,529</u>	<u>1,369,822</u>
<u>2,638,172</u>	<u>2,840,701</u>	<u>3,115,598</u>	<u>3,039,389</u>	<u>3,291,009</u>	<u>3,275,292</u>
<u>4,571,799</u>	<u>5,103,743</u>	<u>4,756,438</u>	<u>4,739,961</u>	<u>4,993,538</u>	<u>4,645,114</u>
\$ (6,097,329)	\$ (6,033,973)	\$ (6,610,726)	\$ (6,281,411)	\$ (5,962,251)	\$ (7,025,244)
<u>280,372</u>	<u>209,157</u>	<u>318,786</u>	<u>(179,584)</u>	<u>8,235</u>	<u>(90,480)</u>
<u>(5,816,957)</u>	<u>(5,824,816)</u>	<u>(6,291,940)</u>	<u>(6,460,995)</u>	<u>(5,954,016)</u>	<u>(7,115,724)</u>
3,573,352	3,552,821	3,522,321	3,550,430	3,834,233	4,021,701
656,329	2,207,901	728,548	708,434	701,468	895,174
2,045,615	677,001	2,253,347	2,327,969	3,675,763	3,009,369
35,325	8,546	7,172	6,795	12,804	4,277
-	11,025	-	6,007	20,138	26,879
-	54,000	-	-	-	20,000
<u>6,310,621</u>	<u>6,511,294</u>	<u>6,511,388</u>	<u>6,599,635</u>	<u>8,244,406</u>	<u>7,977,400</u>
14,634	4,444	3,827	3,374	2,579	889
32,953	44,575	56,453	35,609	5,914	144,390
83,782	239,490	81,254	22,593	20,417	-
-	(54,000)	-	-	-	(20,000)
<u>131,369</u>	<u>234,509</u>	<u>141,534</u>	<u>61,576</u>	<u>28,910</u>	<u>125,279</u>
213,292	477,321	(99,338)	318,224	2,282,155	952,156
<u>411,741</u>	<u>443,666</u>	<u>460,320</u>	<u>(118,008)</u>	<u>37,145</u>	<u>34,799</u>
<u>\$ 625,033</u>	<u>\$ 920,987</u>	<u>\$ 360,982</u>	<u>\$ 200,216</u>	<u>\$ 2,319,300</u>	<u>\$ 986,955</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>GENERAL FUND</u>					
Reserved	\$ 101,374	\$ 100,730	\$ 99,626	\$ 163,442	\$ 192,916
Unreserved	2,490,428	2,544,748	2,557,994	2,713,567	3,930,887
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL GENERAL FUND	<u>\$ 2,591,802</u>	<u>\$ 2,645,478</u>	<u>\$ 2,657,620</u>	<u>\$ 2,877,009</u>	<u>\$ 4,123,803</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>					
Reserved	\$ 90,435	\$ 81,739	\$ 101,542	\$ 131,748	\$ 154,429
Unreserved, Reported in:					
Special Revenue Funds	318,269	509,282	707,371	1,251,752	1,047,443
Capital Project Funds	43,013	961	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 451,717</u>	<u>\$ 591,982</u>	<u>\$ 808,913</u>	<u>\$ 1,383,500</u>	<u>\$ 1,201,872</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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 132,581	\$ -	\$ -	\$ -	\$ -
3,066,450	-	-	-	-
-	50,745	51,278	54,278	54,631
-	49,551	49,642	101,977	90,494
-	800,000	800,000	900,000	900,000
-	56,642	14,135	139,135	25,275
-	<u>2,352,926</u>	<u>2,400,386</u>	<u>2,456,717</u>	<u>2,756,058</u>
<u>\$ 3,199,031</u>	<u>\$ 3,309,864</u>	<u>\$ 3,315,441</u>	<u>\$ 3,652,107</u>	<u>\$ 3,826,458</u>
\$ 165,926	\$ -	\$ -	\$ -	\$ -
1,272,358	-	-	-	-
-	-	-	-	-
-	805	757	819	1,310
-	1,245,121	8,136,892	8,419,977	5,862,738
-	-	-	-	795,672
-	-	-	-	105,373
-	<u>73,307</u>	<u>486,730</u>	<u>1,413,694</u>	<u>-</u>
<u>\$ 1,438,284</u>	<u>\$ 1,319,233</u>	<u>\$ 8,624,379</u>	<u>\$ 9,834,490</u>	<u>\$ 6,765,093</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>REVENUES</u>				
Property Taxes	\$ 2,664,930	\$ 2,923,544	\$ 3,134,228	\$ 3,432,977
Nonproperty Taxes	2,351,336	2,295,549	1,781,223	1,927,881
Grants/Intergovernmental	229,720	31,936	1,151,487	1,302,881
Licenses, Permits, Fees and Fines	1,462,806	1,838,194	1,085,494	1,277,505
CIED	-	-	-	-
Other	<u>248,002</u>	<u>355,136</u>	<u>985,829</u>	<u>298,795</u>
Total Revenues	<u>6,956,794</u>	<u>7,444,359</u>	<u>8,138,261</u>	<u>8,240,039</u>
<u>EXPENDITURES</u>				
Administrative	1,138,676	1,163,175	712,894	739,653
Public Safety	3,560,463	3,760,073	4,082,514	4,113,988
Public Works	1,287,075	1,276,101	1,235,456	1,092,333
Parks and Recreation	103,365	107,713	109,259	101,383
Library	238,836	239,354	233,607	241,305
Community Development	91,199	92,582	579,800	554,418
Capital Outlay	340,782	179,678	522,089	177,273
Debt Service				
Principal	250,000	260,000	265,000	275,000
Interest	196,242	196,690	167,569	155,710
Fiscal Agent Fees and Bond Issue Costs	<u>2,000</u>	<u>2,300</u>	<u>1,000</u>	<u>1,000</u>
Total Expenditures	<u>7,208,638</u>	<u>7,277,666</u>	<u>7,909,188</u>	<u>7,452,063</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(251,844)</u>	<u>166,693</u>	<u>229,073</u>	<u>787,976</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Assets	-	-	-	6,000
Transfers In	223,900	13,000	18,000	318,000
Transfers Out	(208,000)	(13,000)	(18,000)	(318,000)
Proceeds from Tax Notes	-	475,000	-	-
Proceeds from Bonds	-	-	-	-
Bond Premium	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	-
Payments to Refunding Bonds	-	-	-	-
Escrow Agent	-	(447,752)	-	-
Total Other Financing Sources (Uses)	<u>15,900</u>	<u>27,248</u>	<u>-</u>	<u>6,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ (235,944)</u>	<u>\$ 193,941</u>	<u>\$ 229,073</u>	<u>\$ 793,976</u>
Debt Service as a Percentage of Noncapital Expenditures	6.50%	6.43%	5.86%	5.92%

TABLE 4

2009	2010	2011	2012	2013	2014
\$ 3,552,049	\$ 3,505,728	\$ 3,546,031	\$ 3,544,081	\$ 3,809,355	\$ 4,012,433
2,045,615	2,207,900	2,253,347	2,327,969	2,503,411	3,009,369
1,395,492	228,508	89,868	6,122	4,523	8,104
992,486	2,642,310	2,154,692	1,860,659	1,858,150	1,988,654
-	-	-	379,918	1,172,352	-
226,942	88,796	131,999	175,109	456,679	299,392
<u>8,212,584</u>	<u>8,673,242</u>	<u>8,175,937</u>	<u>8,293,858</u>	<u>9,804,470</u>	<u>9,317,952</u>
706,874	919,564	817,259	713,738	870,697	769,842
4,142,609	5,246,693	4,228,132	4,177,616	4,116,594	4,258,045
1,427,627	1,446,744	1,542,290	1,552,725	972,484	1,462,747
111,614	153,947	102,914	91,824	86,802	157,643
256,967	266,327	259,858	310,725	267,588	288,871
622,721	629,371	610,750	566,914	554,087	583,068
173,202	337,443	209,674	155,265	772,922	3,909,161
580,000	265,000	300,000	310,000	345,000	420,000
111,090	140,513	112,278	242,502	270,019	257,121
119,361	10,000	1,000	1,000	1,500	1,500
<u>8,252,065</u>	<u>9,415,602</u>	<u>8,184,155</u>	<u>8,122,309</u>	<u>8,257,693</u>	<u>12,107,998</u>
(39,481)	(742,360)	(8,218)	171,549	1,546,777	(2,790,046)
10,360	-	-	-	-	-
10,000	72,000	18,000	18,000	237,216	220,770
(10,000)	(18,000)	(18,000)	(18,000)	(237,216)	(200,770)
-	-	-	-	-	-
1,060,000	-	-	7,000,000	-	-
44,287	-	-	139,174	-	-
2,575,000	-	-	-	-	-
(2,585,000)	-	-	-	-	-
-	-	-	-	-	-
<u>1,104,647</u>	<u>54,000</u>	<u>-</u>	<u>7,139,174</u>	<u>-</u>	<u>20,000</u>
<u>\$ 1,065,166</u>	<u>\$ (688,360)</u>	<u>\$ (8,218)</u>	<u>\$ 7,310,723</u>	<u>\$ 1,546,777</u>	<u>\$ (2,770,046)</u>
8.55%	4.47%	5.17%	6.93%	8.22%	8.26%

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>
2005	2,664,930	1,713,683	85,655	551,998	5,016,266
2006	2,923,544	1,602,192	96,507	596,851	5,219,094
2007	3,134,228	1,781,223	98,973	607,967	5,622,391
2008	3,432,977	1,927,881	92,357	639,332	6,092,547
2009	3,552,048	1,979,928	65,688	656,329	6,253,993
2010	3,505,728	2,141,199	66,701	677,001	6,390,629
2011	3,546,031	2,253,347	74,287	728,548	6,602,213
2012	3,544,081	2,327,969	82,409	708,434	6,662,893
2013	3,809,355	2,503,411	83,470	701,468	7,097,704
2014	4,012,433	3,009,369	91,125	895,174	8,008,101

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

<u>FISCAL YEAR ENDED SEPTEMBER 30,</u>	<u>RESIDENTIAL PROPERTY</u>	<u>COMMERCIAL PROPERTY</u>	<u>INDUSTRIAL PROPERTY</u>	<u>LESS: TAX-EXEMPT PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>
2005	314,184,627	237,061,366	2,211,035	40,898,560	512,558,468	0.517400
2006	334,283,756	246,833,519	1,965,230	40,042,855	543,039,650	0.537400
2007	380,457,461	252,192,158	1,774,770	53,686,457	580,737,932	0.537400
2008	436,832,864	272,798,655	4,728,530	67,753,134	646,606,915	0.527400
2009	454,788,574	281,431,232	5,600,760	66,158,755	675,661,811	0.527400
2010	468,647,503	281,076,061	5,246,600	62,354,128	692,616,036	0.527400
2011	456,646,017	280,720,343	5,025,705	66,555,963	675,836,102	0.527400
2012	455,927,780	266,406,857	5,103,401	50,361,878	677,076,160	0.535510
2013	460,768,403	265,776,360	5,426,124	50,092,305	681,878,582	0.574282
2014	473,221,531	278,323,833	6,158,319	50,285,171	707,418,512	0.582915

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>
2005	0.439834	0.077566	0.517400	1.762500	0.333671
2006	0.459560	0.077840	0.537400	1.775000	0.331190
2007	0.459560	0.077840	0.537400	1.592500	0.331190
2008	0.456560	0.070840	0.527400	1.262500	0.326866
2009	0.461560	0.065840	0.527400	1.302500	0.326866
2010	0.464029	0.063371	0.527400	1.337500	0.326866
2011	0.464029	0.063371	0.527400	1.365500	0.326866
2012	0.472701	0.062809	0.535510	1.375500	0.326866
2013	0.476752	0.097530	0.574282	1.375500	0.326866
2014	0.476752	0.106163	0.582915	1.375500	0.326866

Source: Information furnished by respective tax assessor.

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

TABLE 8

TAXPAYER	2014			2005		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
H.E.B. Grocery	\$20,050,000	1	2.94%	\$7,140,450	9	1.38%
Ancira-Winton Chevrolet	17,282,400	2	2.53%	22,723,620	1	4.40%
Vista Del Rey	14,213,750	3	2.08%	11,358,520	4	2.20%
Shadow Valley Apartments	12,600,100	4	0.00%	-		
Leors Holdings	11,714,950	5	1.72%	-		
Barcelona Lofts LLC	11,500,000	6	1.69%	-		
Omninet Towers LP	10,150,000	7	1.49%	-		
Forest Green Association	6,410,000	8	0.94%	-		
SA West Loop II Investors	5,600,000	9	0.82%			
Southwestern Bell	5,285,851	10	0.78%	11,474,720	3	2.22%
Principal Life Insurance	-	-	-	18,000,000	2	3.48%
E.W. Richardson	-	-	-	10,092,340	5	1.95%
SCIC San Antonio	-	-	-	7,900,000	6	1.53%
Merrimas Associates	-	-	-	7,330,000	7	1.42%
Gunn, CC	-	-	-	7,289,170	8	1.41%
Dalepoint Group	-	-	-	6,385,000	10	1.05%
	<u>\$ 114,807,051</u>		<u>14.99%</u>	<u>\$ 109,693,820</u>		<u>21.04%</u>

Source: Bexar County Appraisal District

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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
2005	2,668,164	2,609,185	97.79%	18,908	2,628,093	98.50%
2006	2,918,741	2,877,326	98.58%	22,548	2,899,874	99.35%
2007	3,121,053	3,081,888	98.75%	28,636	3,110,524	99.66%
2008	3,411,529	3,374,003	98.90%	13,805	3,387,808	99.30%
2009	3,563,440	3,364,408	94.41%	27,257	3,391,665	95.18%
2010	3,570,525	3,450,690	96.64%	70,192	3,520,882	98.61%
2011	3,485,988	3,437,057	98.60%	29,241	3,466,298	99.44%
2012	3,553,034	3,485,684	98.10%	17,175	3,502,859	98.59%
2013	3,817,953	3,755,784	98.37%	27,768	3,783,552	99.09%
2014	4,023,348	3,940,694	97.95%	-	3,940,694	97.95%

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

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

<u>TYPE OF CUSTOMER</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Residential	177,750,433	225,793,960	156,780,956	208,492,994
Commercial	<u>133,164,020</u>	<u>141,720,115</u>	<u>124,891,408</u>	<u>144,510,811</u>
TOTAL	<u>310,914,453</u>	<u>367,514,075</u>	<u>281,672,364</u>	<u>353,003,805</u>
TOTAL DIRECT RATE PER 1,000 GALLONS	<u>\$ 0.88</u>	<u>\$ 0.91</u>	<u>\$ 0.91</u>	<u>\$ 0.93</u>

Source: City of Leon Valley Water Department

TABLE 10

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
215,785,825	178,416,148	228,768,000	201,840,600	189,931,000	184,014,000
<u>136,065,390</u>	<u>129,071,600</u>	<u>133,301,040</u>	<u>122,936,377</u>	<u>123,088,895</u>	<u>120,423,135</u>
<u>351,851,215</u>	<u>307,487,748</u>	<u>362,069,040</u>	<u>324,776,977</u>	<u>313,019,895</u>	<u>313,019,895</u>
<u>\$ 0.96</u>	<u>\$ 0.99</u>	<u>\$ 1.02</u>	<u>\$ 1.05</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>
2005	\$ 7.62	\$ 0.88	\$ 11.03	\$ 3.94
2006	7.62	0.91	11.03	3.94
2007	7.85	0.91	11.36	4.06
2008	8.08	0.93	11.70	4.18
2009	8.32	0.96	12.05	4.31
2010	8.57	0.99	12.41	4.43
2011	8.83	1.02	12.78	4.57
2012	9.09	1.05	13.16	4.70
2013	9.36	1.08	13.55	5.27
2014	9.36	1.08	13.55	5.27

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			
2005	\$ 3,425,000	\$ -	\$ -	\$ 505,000	\$ -	\$ 155,000	\$ -	\$ 4,085,000	2.03%	\$ 442
2006	3,705,000	-	-	-	-	-	-	3,705,000	1.84%	401
2007	3,440,000	-	-	-	-	-	-	3,440,000	1.71%	372
2008	3,165,000	-	-	-	-	-	-	3,165,000	1.58%	343
2009	2,575,000	1,060,000	-	-	-	-	-	3,635,000	1.81%	393
2010	2,340,000	1,030,000	-	-	-	-	-	3,370,000	1.68%	365
2011	2,080,000	990,000	-	-	-	-	-	3,070,000	1.12%	279
2012	8,810,000	950,000	-	-	-	-	-	9,760,000	3.60%	898
2013	8,505,000	910,000	-	-	-	-	-	9,415,000	3.47%	866
2014	8,125,000	870,000	-	-	-	-	-	8,995,000	3.32%	828

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

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

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

TABLE 13

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING			ACTUAL TAXABLE VALUE OF PROPERTY	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA*
	GENERAL OBLIGATION BONDS	PRIVATE PROPERTY FINANCE CONTRACTS	TOTAL			
2005	\$ 3,425,000	\$ -	\$ 3,425,000	\$ 512,558,468	0.67%	\$ 371
2006	3,705,000	-	3,705,000	543,039,650	0.68%	401
2007	3,440,000	-	3,440,000	580,737,932	0.59%	372
2008	3,165,000	-	3,165,000	646,606,915	0.49%	343
2009	2,575,000	1,060,000	3,635,000	675,661,811	0.54%	393
2010	2,340,000	1,030,000	3,370,000	692,616,036	0.49%	365
2011	2,080,000	990,000	3,070,000	675,836,102	0.45%	302
2012	8,810,000	950,000	9,760,000	677,076,160	1.44%	898
2013	8,505,000	910,000	9,415,000	681,878,582	1.38%	866
2014	8,125,000	870,000	8,995,000	707,418,512	1.27%	828

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

*Population data can be found in Table 16.

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

TABLE 14

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED PERCENTAGE APPLICABLE*</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
Debt repaid with property taxes			
Alamo CCD	\$521,241,291	0.75%	\$ 3,909,310
Bexar County	514,034,876	0.75%	3,855,262
Bexar County Hospital District	722,025,892	0.75%	5,415,194
Northside Independent School District	1,790,178,184	2.05%	36,698,653
San Antonio RA	30,680,000	0.65%	<u>199,420</u>
Subtotal, Overlapping Debt			50,077,838
Leon Valley Direct Debt			<u>9,579,811</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 59,657,649</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 2013

Assessed Value	\$ 707,418,512
*Debt Limit (10% of Assessed Value)	70,741,851
Bonds and Certificates of Obligation	8,995,000
Less: Amount Set Aside for Repayment of General Obligation Debt	<u>209,392</u>
 Total Net Debt Applicable to Limit	 <u>9,204,392</u>
 ECONOMIC DEBT MARGIN	 <u>\$ 61,537,459</u>

	FISCAL			
	2005	2006	2007	2008
Debt Limit	\$ 51,255,847	\$ 54,303,965	\$ 58,073,793	\$ 64,660,692
Total Net Debt Applicable to Limit	<u>3,338,646</u>	<u>3,840,998</u>	<u>3,338,457</u>	<u>3,063,457</u>
 LEGAL DEBT MARGIN	 <u>\$ 47,917,201</u>	 <u>\$ 50,462,967</u>	 <u>\$ 54,735,336</u>	 <u>\$ 61,597,235</u>
 Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	 6.51%	 7.07%	 5.75%	 4.74%

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

TABLE 15

YEAR					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 67,561,181	\$ 69,261,604	\$ 67,583,610	\$ 67,707,616	\$ 68,187,858	\$ 68,187,858
<u>3,480,571</u>	<u>3,200,964</u>	<u>3,191,096</u>	<u>9,579,375</u>	<u>9,624,392</u>	<u>9,624,392</u>
<u>\$ 64,080,610</u>	<u>\$ 66,060,640</u>	<u>\$ 64,392,514</u>	<u>\$ 58,128,241</u>	<u>\$ 58,563,466</u>	<u>\$ 58,563,466</u>
5.15%	4.62%	4.72%	14.21%	14.11%	14.11%

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>
2005	9,239	\$ 200,883,577	\$ 21,743	38.10	3,394	5.7%
2006	9,239	200,883,577	21,743	38.10	3,181	4.5%
2007	9,239	200,883,577	21,743	38.10	3,784	4.0%
2008	9,239	200,883,577	21,743	38.10	3,790	5.0%
2009	9,239	200,883,577	21,743	38.10	3,850	7.0%
2010	9,239	200,883,577	21,743	38.10	3,850	7.0%
2011	10,866	270,954,576	24,936	40.00	3,752	7.3%
2012	10,866	270,954,576	24,936	40.00	4,130	6.0%
2013	10,866	270,954,576	24,936	40.00	4,130	6.0%
2014	10,866	270,954,576	24,936	40.00	4,130	6.0%

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	2014			2005		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Lackland Air Force Base	46,577	1	4.72%	35,700	1	4.47%
Fort Sam Houston-U.S. Army	32,633	2	3.31%	26,100	2	3.27%
H-E-B Food Stores	20,000	3	2.03%	14,600	4	1.83%
USAA	17,000	4	1.72%	14,955	3	1.87%
Randolph Air Force Base	15,942	5	1.29%	10,733	5	1.34%
Northside ISD	13,356	6	1.35%	10,000	6	1.25%
North East I.S.D.	12,751	7	0.81%	9,847	9	0.98%
City of San Antonio	10,445	8	1.06%	9,813	7	1.23%
Methodist Healthcare System	8,000	9	0.75%	7,200	10	0.90%
San Antonio I.S.D.	<u>7,374</u>	10	<u>0.75%</u>	8,000	8	1.00%
TOTAL	<u>184,078</u>		<u>17.79%</u>	<u>146,948</u>		<u>18.14%</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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Business Office	3.40	3.40	3.10	3.10	2.80	2.80	2.75	1.75	1.60	1.60
Finance	2.80	2.80	2.80	2.80	2.40	2.40	2.20	2.20	2.00	0.20
Manager and Council	2.80	2.80	2.80	2.80	2.40	2.40	2.30	2.30	2.00	3.00
*Police										
Officers	23.00	23.00	23.00	23.00	23.00	23.00	23.00	24.00	23.00	23.00
Civilians	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.90
*Fire										
Civilians	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Firefighters and Officers	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00
Public Works	15.25	15.25	15.25	14.75	14.75	14.75	14.05	13.09	12.60	12.60
Community Development	3.90	3.90	3.20	4.00	4.00	4.00	3.92	3.52	3.35	1.60
Economic Development	-	-	1.20	1.20	1.20	1.50	1.65	2.00	2.00	2.00
Parks	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Library	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Community Center	1.55	1.55	1.60	2.10	2.10	2.10	1.85	0.60	1.60	1.60
Water and Sewer	11.75	11.75	12.05	12.96	12.96	12.96	14.88	16.04	18.35	19.00
TOTAL	<u>104.95</u>	<u>104.95</u>	<u>105.50</u>	<u>107.21</u>	<u>106.11</u>	<u>106.41</u>	<u>107.10</u>	<u>106.00</u>	<u>106.00</u>	<u>106.00</u>

Source: City Annual Budget

*Does not include reserves.

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

FUNCTION	2005	2006	2007	FISCAL 2008
Police				
Traffic Violations	16,067	14,033	12,408	15,397
Arrests	1,173	1,489	1,230	1,355
Fire				
Fire Calls	703	703	805	821
EMS Calls	881	960	961	953
Inspections	898	1,094	1,282	1,299
Public Works				
Street Resurfacing (Miles)	4.5	5.0	0.5	-
Sidewalk Construction (Feet)	700	700	500	500
Library				
Reference Questions	3,159	3,142	3,142	6,056
Internet Sessions	5,058	6,336	6,336	6,320
Library Acquisitions	1,704	1,281	1,281	1,857
Water				
Service Connections	2,110	2,177	2,255	2,369
Average Daily Consumption	861,904	1,006,096	1,011,527	967,133
Sewer				
Service Connections	2,031	2,098	2,272	2,440
Average Daily Treatment of Gallons	713,639	748,112	664,496	863,347

Source: Various city departments.

TABLE 19

YEAR					
2009	2010	2011	2012	2013	2014
11,459	11,611	10,278	8,204	4,559	4,190
1,194	1,279	1,050	837	635	629
793	786	931	765	712	890
1,028	1,051	1,062	1,038	1,174	1,151
1,167	1,351	1,290	1,256	1,022	1,009
5.9	5.4	8.4	-	7.7	8.0
500	1,463	682	1,621	682	687
6,083	6,000	6,897	5,868	5,287	7,000
7,483	7,354	7,226	18,242	16,882	6,266
3,487	4,861	3,323	2,953	2,912	2,176
2,444	2,469	2,508	2,523	2,526	2,544
963,975	842,432	1,005,747	889,800	857,588	962,846
2,306	2,387	2,428	2,551	2,441	2,457
793,443	989,705	748,356	705,557	687,267	700,672

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

TABLE 20

FUNCTION	FISCAL YEAR									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police										
Stations	1	1	1	1	1	1	1	1	1	1
* Officers	25	25	24	24	24	24	24	23	23	23
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Firefighters	27	27	27	27	27	27	27	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	38.2	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Water										
Miles of Water Mains	38.2	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5	39.5
Number of Hydrants	198	208	208	208	208	208	208	208	208	208
Sewer										
Miles of Sanitary Sewers	45.5	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



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, 2014, 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 19, 2015.

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 9, 2015

