



January 23, 2017

To the Honorable Mayor and
Members of the City Council
City of Shavano Park, Texas

We have audited the financial statements of the City of Shavano Park, Texas for the year ended September 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated September 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Shavano Park, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include the net pension liability, accumulated depreciation, depreciation expense, and the related estimated useful lives of capital assets and the allowances for doubtful accounts. We evaluated the key factors and assumptions used to develop these estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 23, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues and Comments

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Compliance with Public Funds Investment Act

The Public Funds Investment Act (the Act) requires that we include, as part of our audit, procedures to determine if the City complied with the provisions of the Act. We found, as a result of our review, that the City, was in compliance with the requirements of the Act for the fiscal year ended September 30, 2016.

Comments and Recommendations Regarding Internal Controls and Operations

Adjustments and Write-offs

During our audit of the billing and collection process over court, permits, and EMS, we noted employees who have the ability to collect payments also have the ability to adjust or write-off accounts within the system. The combination of these duties by one employee reduces the City's control over processing and receiving cash receipts.

We recommend the City implement oversight procedures over adjustments and write-offs to account balances in the billing systems. The process should include obtaining a listing of accounts adjusted or written off for the period under review that is obtained independent of the employee making the adjustments. Adjustments and write-offs should be verified by proper authorization.

This information is intended solely for the use of the City Council and management of the City of Shavano Park, Texas and is not intended to be and should not be used by anyone other than these specified parties.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

CITY OF SHAVANO PARK, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016



ABIP
CERTIFIED PUBLIC ACCOUNTANTS and ADVISORS

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ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Shavano Park, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shavano Park, Texas, as of and for the year ended September 30, 2016, 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 for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Shavano Park, Texas, as of September 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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 changes in net pension liability and related ratios, and schedule of contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shavano Park, Texas's basic financial statements. The combining nonmajor fund financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

ABIP, PC

Certified Public Accountants
San Antonio, Texas

January 23, 2017

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**City of Shavano Park, Texas
Management's Discussion and Analysis (MD & A)
Fiscal Year Ended September 30, 2016**

Management's discussion and analysis of the City of Shavano Park's financial performance provides an overview of the City's financial activities for the year ended September 30, 2016.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (on pages 6 and 7) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Management's analysis of the City as a whole begins on page 5A. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, general administration, court, public works and development services. Ad valorem and sales taxes, franchise fees, fines, and building permit fees finance most of these activities.
- **Business-Type Activities** – The City charges a fee to customers to cover all of the cost of certain services it provides. The City's water system is reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the City's major funds begins on page 5B. The fund financial statements begin on page 8 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council may establish other funds to help it control and manage money for particular purposes (like the capital replacement fund). The City's three kinds of funds – governmental, proprietary, and fiduciary – use different accounting approaches.

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise fund is the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.
- **Fiduciary Funds** – The City accounts for certain assets held as an agent for individuals. Fiduciary funds are accounted for in the same manner as proprietary funds.

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NET POSITION

For the year ended September 30, 2016, the total and net position changed as follows:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and Other Assets	\$ 7,771,524	\$ 7,002,208	\$ 1,460,396	\$ 1,646,862	\$ 9,231,920	\$ 8,649,070
Capital Assets	<u>4,784,148</u>	<u>5,019,582</u>	<u>4,692,224</u>	<u>4,695,172</u>	<u>9,476,372</u>	<u>9,714,754</u>
Total Assets	<u>12,555,672</u>	<u>12,021,790</u>	<u>6,152,620</u>	<u>6,342,034</u>	<u>18,708,292</u>	<u>18,363,824</u>
DEFERRED OUTFLOWS	<u>638,449</u>	<u>378,469</u>	<u>64,682</u>	<u>39,203</u>	<u>703,131</u>	<u>417,672</u>
LIABILITIES						
Current Liabilities	467,466	400,947	178,352	137,666	645,818	538,613
Long-Term Liabilities	<u>2,572,547</u>	<u>2,371,116</u>	<u>2,442,774</u>	<u>2,504,724</u>	<u>5,015,321</u>	<u>4,875,840</u>
Total Liabilities	<u>3,040,013</u>	<u>2,772,063</u>	<u>2,621,126</u>	<u>2,642,390</u>	<u>5,661,139</u>	<u>5,414,453</u>
DEFERRED INFLOWS	<u>30,615</u>	<u>13,023</u>	<u>1,930</u>	<u>543</u>	<u>32,545</u>	<u>13,566</u>
NET POSITION						
Net Investment in Capital Assets	3,143,512	3,239,909	2,217,860	2,134,845	5,361,372	5,374,754
Restricted	1,452,551	1,150,330	-	-	1,452,551	1,150,330
Unrestricted	<u>5,527,430</u>	<u>5,224,934</u>	<u>1,376,386</u>	<u>1,603,459</u>	<u>6,903,816</u>	<u>6,828,393</u>
TOTAL NET POSITION	<u>\$ 10,123,493</u>	<u>\$ 9,615,173</u>	<u>\$ 3,594,246</u>	<u>\$ 3,738,304</u>	<u>\$ 13,717,739</u>	<u>\$ 13,353,477</u>

The net position of the City's governmental activities increased by \$508,320 during the fiscal year. The net position for the business-type activities decreased by \$144,058.

Governmental Activities

To aid in the understanding of the statement of activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical statement of revenues, expenses, and changes in fund balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions of the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Some of the individual line item revenues reported for each function are:

Development Services	Building permits, development fees, occupational licenses, and plumbing/electric inspections.
Court	Court costs allocation from fines.
Police	Fines and arrest fees. Grants are classified as operating grants.
Fire	EMS fees. Grants are classified as operating grants.

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Expenses for governmental activities (as presented on page 7) increased by \$168,844 to \$4,427,392 in 2016 from 2015. The City's general revenues decreased by \$77,920 primarily due to a decrease in charges for services. The City's net revenue for 2016 was \$508,320 compared to \$755,084 in 2015.

Business-Type Activities

Water revenues (as presented on page 7) decreased by less than 1% (or \$8,003) to \$841,804. Total operating expenses of the water department increased by 13% (or \$112,537) to \$972,747. Net income decreased by \$113,839 to (\$144,058) in 2016 due to increase in expenditures.

CHANGES IN NET POSITION

The City's government funds – total assets (as presented on page 8) increased by 14% (or \$533,882) in 2016. The City's government funds balances increased by 9% (or \$671,747).

The following schedule presents comparative summary of the statement of activities for the fiscal year ended September 30, 2016 and 2015.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 915,627	\$ 1,126,025	\$ 841,804	\$ 849,807	\$ 1,757,431	\$ 1,975,832
Operating Grants & Contributions	25,367	30,426	-	-	25,367	30,426
General Revenues						
Taxes	3,487,895	3,361,998	-	-	3,487,895	3,361,998
Franchise Fees	452,794	444,127	-	-	452,794	444,127
Investment Earnings	10,875	4,718	8,935	2,234	19,810	6,952
Other	21,108	24,292	-	-	21,108	24,292
Total Revenues	<u>4,913,666</u>	<u>4,991,586</u>	<u>850,739</u>	<u>852,041</u>	<u>5,764,405</u>	<u>5,843,627</u>
<u>EXPENSES</u>						
City Council	28,949	30,380	-	-	28,949	30,380
Administration	901,822	908,612	-	-	901,822	908,612
Municipal Court	69,416	69,022	-	-	69,416	69,022
Police	1,373,180	1,263,146	-	-	1,373,180	1,263,146
Fire	1,455,848	1,371,566	-	-	1,455,848	1,371,566
Public Works	419,425	425,232	-	-	419,425	425,232
Development Services	99,671	107,925	-	-	99,671	107,925
Interest on Long-Term Debt	79,085	82,669	-	-	79,085	82,669
Water	-	-	972,747	860,210	972,747	860,210
Total Expenses	<u>4,427,396</u>	<u>4,258,552</u>	<u>972,747</u>	<u>860,210</u>	<u>5,400,143</u>	<u>5,118,762</u>
Increase in Net Position before Transfers	486,270	733,034	(122,008)	(8,169)	364,262	724,865
<u>TRANSFERS</u>	<u>22,050</u>	<u>22,050</u>	<u>(22,050)</u>	<u>(22,050)</u>	<u>-</u>	<u>-</u>
Change in Net Position	508,320	755,084	(144,058)	(30,219)	364,262	724,865
<u>NET POSITION AT BEGINNING OF YEAR</u>	<u>9,615,173</u>	<u>9,219,606</u>	<u>3,738,304</u>	<u>3,783,503</u>	<u>13,353,477</u>	<u>13,003,109</u>
<u>RESTATEMENT OF NET POSITION AT BEGINNING OF YEAR</u>	<u>-</u>	<u>(359,517)</u>	<u>-</u>	<u>(14,980)</u>	<u>-</u>	<u>(374,497)</u>
<u>NET POSITION - BEGINNING, AS RESTATED</u>	<u>9,615,173</u>	<u>8,860,089</u>	<u>3,738,304</u>	<u>3,768,523</u>	<u>13,353,477</u>	<u>12,628,612</u>
NET POSITION - ENDING	<u>\$ 10,123,493</u>	<u>\$ 9,615,173</u>	<u>\$ 3,594,246</u>	<u>\$ 3,738,304</u>	<u>\$ 13,717,739</u>	<u>\$ 13,353,477</u>

BUDGETARY HIGHLIGHTS

Budgetary comparisons for the general fund is included on pages 38 and 39 of this annual financial report.

General fund actual revenues exceeded the budget by 4% (or \$158,612). Budget exceeded total expenditures by 3% (or \$133,843).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2016, the City had \$9,779,353 invested in capital assets including police and fire equipment, buildings, and vehicles (see table below). This represents a net decrease of 4% (or \$391,233) from last year. See Note 6 on page 32 - 33 for additional analysis of the City's capital assets net of depreciation.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITES		TOTALS	
	2016	2015	2016	2015	2016	2015
Land	\$ 111,687	\$ 111,687	\$ 30,146	\$ 30,146	\$ 141,833	\$ 141,833
Building and Improvements	2,529,871	2,609,122	89,079	91,363	2,618,950	2,700,485
Water System and Improvements	-	-	4,186,543	4,167,053	4,186,543	4,167,053
Street Improvements	1,365,043	1,434,320	-	-	1,448,518	1,434,320
Vehicles and Equipment	777,547	864,453	83,475	103,629	1,080,528	968,082
Water Rights	-	-	302,981	302,981	302,981	302,981
TOTALS	\$ 4,784,148	\$ 5,019,582	\$ 4,692,224	\$ 4,695,172	\$ 9,779,353	\$ 9,714,754

Debt

At September 30, 2016, the City had \$4,115,000 in outstanding bonds compared to \$4,340,000 last year. That is a decrease of 6% (or \$298,908) as shown in the following table:

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITES		TOTALS	
	2016	2015	2016	2015	2016	2015
Bonds	<u>\$ 1,640,636</u>	<u>\$ 1,779,673</u>	<u>\$ 2,474,364</u>	<u>\$ 2,560,327</u>	<u>\$ 4,115,000</u>	<u>\$ 4,340,000</u>

Other obligations of the City include accrued compensated absences. See Note 5 on page 30 for additional analysis of City's debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund revenues for the fiscal year 2017 are budgeted at \$5,003,281, a 10.30% increase over 2016 actual amounts. The increase is largely related to a \$297,900 increase in "Transfers In," from the Capital Replacement Fund for various equipment and engineer fees drainage study. Additionally, increases in the ad valorem tax revenues and several minor increases account for the remainder of the increase. The City's largest single source of revenue in the General Fund continues to be ad valorem taxes. The tax rate was maintained at \$.287742. This rate consists of a maintenance and operations (M&O) tax rate of \$.272352 and interest and sinking (debt service) tax rate of \$.015390. The property tax revenue projections for M&O tax levy increased by \$205,506. While the City has a finite supply of undeveloped property, over the past two years a significant amount of the remaining property was platted from which additional development is expected to continue for the next few years before slowing down. This new development will positively affect the revenue streams in the near future.

The General Fund expenditures for fiscal 2017 are budgeted at \$5,003,281 a 15.71% decrease over 2016 actual. The operational expenditures are budgeted with an increase that is largely accounted for in employee compensation increases. The actual decrease in the 2017 total budgeted expenditures over the 2016 actually spent is accounted for primarily by the \$1,643,749 transferred from unassigned general fund balance to Capital Improvement / Replacement Fund (allocated to Fire, Police, Public Works, and Drainage).

The City's current fund policy is to achieve and maintain an unassigned General Fund balance equal to 25% to 50% of budgeted expenditures. Any amount in excess of 50% is considered for reservation to fund future capital projects and equipment, and/or to reduce future tax levies. The fiscal year 2017 budget transfers \$214,387 to the Capital Replacement Fund. At year end, the unassigned fund balance is \$2,438,048, which is below the 50% Fund Balance % of the 2017 Budget (\$2,501,641) at 48.7%.

For 2017, water revenues are budgeted at \$934,678, a 9.86% increase from 2016 actual revenues. Water operating expenditures are budgeted at \$1,363,926, a 36.82% increase from 2016 actual (excluding depreciation). The increase in expenditures includes a drawdown from unrestricted funds of \$300,000 for SCADA replacement, over \$70,000 for additional capital expenditures, and additional funds to be set aside for future reserves. The Water Fund net position unrestricted total is estimated to be \$1,032,490 with anticipated draws for 2017.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager at 900 Saddletree Court, Shavano Park, Texas 78231.

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>CURRENT ASSETS</u>			
Cash and Investments	\$ 7,474,172	\$ 1,332,657	\$ 8,806,829
Accounts Receivable	298,471	87,717	386,188
Internal Balances	(1,119)	1,119	-
Inventory	-	34,700	34,700
Prepaid Expenses	-	4,203	4,203
Total Current Assets	<u>7,771,524</u>	<u>1,460,396</u>	<u>9,231,920</u>
Capital Assets	9,451,591	7,877,543	17,329,134
Accumulated Depreciation	<u>(4,667,443)</u>	<u>(3,185,319)</u>	<u>(7,852,762)</u>
Net Capital Assets	<u>4,784,148</u>	<u>4,692,224</u>	<u>9,476,372</u>
TOTAL ASSETS	<u>12,555,672</u>	<u>6,152,620</u>	<u>18,708,292</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflow - TMRS Pension	540,857	39,442	580,299
Deferred Charge on Refunded Bonds	<u>97,592</u>	<u>25,240</u>	<u>122,832</u>
TOTAL DEFERRED OUTFLOWS	<u>638,449</u>	<u>64,682</u>	<u>703,131</u>
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Accounts Payable	213,922	53,531	267,453
Accrued Wages Payable	105,681	6,628	112,309
Customer Deposits	-	17,750	17,750
Accrued Interest Payable	8,826	14,480	23,306
Current Portion of Bonds Payable	<u>139,037</u>	<u>85,963</u>	<u>225,000</u>
Total Current Liabilities	<u>467,466</u>	<u>178,352</u>	<u>645,818</u>
Compensated Absences Payable	155,859	5,196	161,055
Net Pension Liability	915,089	49,177	964,266
Bonds Payable	<u>1,501,599</u>	<u>2,388,401</u>	<u>3,890,000</u>
TOTAL LIABILITIES	<u>3,040,013</u>	<u>2,621,126</u>	<u>5,661,139</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflow - TMRS Pension	<u>30,615</u>	<u>1,930</u>	<u>32,545</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,143,512	2,217,860	5,361,372
Restricted for:			
PEG Funds	88,911	-	88,911
Street Maintenance	192,180	-	192,180
Child Safety	4,939	-	4,939
Court	53,236	-	53,236
LEOSE	2,814	-	2,814
Police Forfeiture	6,226	-	6,226
Debt Service	304,075	-	304,075
Crime Control	800,170	-	800,170
Unrestricted	<u>5,527,430</u>	<u>1,376,386</u>	<u>6,903,816</u>
TOTAL NET POSITION	<u>\$ 10,123,493</u>	<u>\$ 3,594,246</u>	<u>\$ 13,717,739</u>

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

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016

<u>PROGRAM ACTIVITIES</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>			<u>NET (EXPENSE) REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	<u>CAPITAL CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>Governmental Activities</u>							
City Council	\$ 28,949	\$ -	\$ -	\$ -	\$ (28,949)	\$ -	\$ (28,949)
Administration	901,822	57,330	12,458	-	(832,034)	-	(832,034)
Municipal Court	69,416	211,133	-	-	141,717	-	141,717
Police	1,373,180	8,198	2,680	-	(1,362,302)	-	(1,362,302)
Fire	1,455,848	97,810	10,229	-	(1,347,809)	-	(1,347,809)
Public Works	419,425	-	-	-	(419,425)	-	(419,425)
Development Services	99,671	541,156	-	-	441,485	-	441,485
Interest	79,085	-	-	-	(79,085)	-	(79,085)
Total Governmental Activities	4,427,396	915,627	25,367	-	(3,486,402)	-	(3,486,402)
<u>Business-Type Activities</u>							
Water	972,747	841,804	-	-	-	(130,943)	(130,943)
TOTAL GOVERNMENT	\$ 5,400,143	\$ 1,757,431	\$ 25,367	\$ -	(3,486,402)	(130,943)	(3,617,345)
<u>General Revenues</u>							
Taxes					3,487,895	-	3,487,895
Franchise Fees					452,794	-	452,794
Interest					10,875	8,935	19,810
Other					21,108	-	21,108
Transfers					22,050	(22,050)	-
Total General Revenue and Transfers					3,994,722	(13,115)	3,981,607
Change in Net Position					508,320	(144,058)	364,262
NET POSITION AT BEGINNING OF YEAR					9,615,173	3,738,304	13,353,477
NET POSITION AT END OF YEAR					\$ 10,123,493	\$ 3,594,246	\$ 13,717,739

CITY OF SHAVANO PARK, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>GENERAL</u>	<u>CAPITAL REPLACEMENT</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Investments	\$ 2,973,625	\$ 3,335,814	\$ 1,164,733	\$ 7,474,172
Receivables:				
Delinquent Ad Valorem Taxes	17,965	-	1,886	19,851
Warrant Receivable (net)	164,105	-	-	164,105
EMS Receivable (net)	6,020	-	-	6,020
Other Receivable	73,100	-	35,395	108,495
Due from Other Funds	<u>616</u>	<u>-</u>	<u>311,526</u>	<u>312,142</u>
 TOTAL ASSETS	 <u>\$ 3,235,431</u>	 <u>\$ 3,335,814</u>	 <u>\$ 1,513,540</u>	 <u>\$ 8,084,785</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 187,661	\$ -	\$ 1,855	\$ 189,516
Accrued Wages Payable	105,681	-	-	105,681
Other Payables	24,406	-	-	24,406
Due to Other Funds	<u>291,545</u>	<u>21,100</u>	<u>616</u>	<u>313,261</u>
Total Liabilities	<u>609,293</u>	<u>21,100</u>	<u>2,471</u>	<u>632,864</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Property Taxes	17,965	-	1,886	19,851
Deferred Revenue - Warrants	164,105	-	-	164,105
Deferred Revenue - EMS	<u>6,020</u>	<u>-</u>	<u>-</u>	<u>6,020</u>
Total Deferred Inflows of Resources	<u>188,090</u>	<u>-</u>	<u>1,886</u>	<u>189,976</u>
<u>FUND BALANCES</u>				
Restricted - PEG Funds	-	-	88,911	88,911
Restricted - Street Maintenance	-	-	192,180	192,180
Restricted - Child Safety Fund	-	-	4,939	4,939
Restricted - Court	-	-	53,236	53,236
Restricted - LEOSE	-	-	2,814	2,814
Restricted - Police Forfeiture	-	-	6,226	6,226
Restricted - Debt Service	-	-	304,075	304,075
Restricted - Crime Control District	-	-	800,170	800,170
Committed - Oak Wilt	-	-	56,632	56,632
Committed - Capital Replacement	-	3,314,714	-	3,314,714
Unassigned	<u>2,438,048</u>	<u>-</u>	<u>-</u>	<u>2,438,048</u>
Total Fund Balances	<u>2,438,048</u>	<u>3,314,714</u>	<u>1,509,183</u>	<u>7,261,945</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 3,235,431</u>	 <u>\$ 3,335,814</u>	 <u>\$ 1,513,540</u>	 <u>\$ 8,084,785</u>

CITY OF SHAVANO PARK, TEXAS
RECONCILIATION OF BALANCE SHEET -
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 7,261,945

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; net of accumulated depreciation of \$4,667,443. 4,784,148

Delinquent ad valorem taxes are not available to pay for current period expenditures and, therefore, are deferred in the funds. 19,851

Warrant receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. 164,105

EMS receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds. 6,020

Accrued interest payable on bonds payable does not require current financial resources and, therefore, is not reported in the funds. (8,826)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Net Pension Liability	(915,089)
Deferred Outflow of Resources - Pension Related	540,857
Deferred Inflow of Resources - Pension Related	(30,615)
Compensated Absences	(155,859)
Unamortized Charge on Refunded Bonds	97,592
Bonds Payable	<u>(1,640,636)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 10,123,493

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

	<u>GENERAL</u>	<u>CAPITAL REPLACEMENT</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Taxes - Ad Valorem	\$ 2,645,218	\$ -	\$ 237,688	\$ 2,882,906
Taxes - Sales	388,949	-	195,660	584,609
Taxes - Beverage	18,535	-	-	18,535
Franchise Fees	437,409	-	15,385	452,794
Building Permits and Fees	523,446	-	17,710	541,156
Fines and Forfeits	202,393	-	8,739	211,132
EMS Fees	68,606	-	-	68,606
Other	91,454	-	5,512	96,966
Interest	10,328	213	334	10,875
Total Revenues	<u>4,386,338</u>	<u>213</u>	<u>481,028</u>	<u>4,867,579</u>
<u>EXPENDITURES</u>				
City Council	28,949	-	-	28,949
General Administration	753,250	-	-	753,250
Municipal Court	67,435	-	-	67,435
Police	1,222,107	-	13,141	1,235,248
Fire	1,292,595	-	1,519	1,294,114
Public Works	394,926	-	-	394,926
Development Services	99,671	-	-	99,671
Capital Outlay	151,613	-	-	151,613
Principal Retirement	-	-	139,037	139,037
Interest and Fees	-	-	68,677	68,677
Total Expenditures	<u>4,010,546</u>	<u>-</u>	<u>222,374</u>	<u>4,232,920</u>
Excess of Revenues Over Expenditures	<u>375,792</u>	<u>213</u>	<u>258,654</u>	<u>634,659</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain on Sale of Assets	15,038	-	-	15,038
Transfers from Other Funds	87,505	1,905,486	20,000	2,012,991
Transfers from Capital Replacement Fund	25,100	-	148,782	173,882
Transfers from Water Fund	22,050	-	-	22,050
Transfers to Other Funds	(1,925,486)	(173,882)	(87,505)	(2,186,873)
Total Other Financing Sources (Uses)	<u>(1,775,793)</u>	<u>1,731,604</u>	<u>81,277</u>	<u>37,088</u>
Net Changes in Fund Balance	(1,400,001)	1,731,817	339,931	671,747
<u>FUND BALANCES - BEGINNING</u>	<u>3,838,049</u>	<u>1,582,897</u>	<u>1,169,252</u>	<u>6,590,198</u>
FUND BALANCES - ENDING	<u>\$ 2,438,048</u>	<u>\$ 3,314,714</u>	<u>\$ 1,509,183</u>	<u>\$ 7,261,945</u>

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

CITY OF SHAVANO PARK, TEXAS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2016

Net Change in Fund Balance - Governmental Funds \$ 671,747

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

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 151,613

Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds. (387,047)

The repayment of long-term debt (bonds and capital lease obligations) consumes the current financial resources of governmental funds. Neither of these transactions, however, has any effect on net position. The net effect of these differences in the treatment of long-term debt is as follows:

Bond Principal Payments	139,037
Defeasement Charge	(10,408)

The change in the liability for compensated absences does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. (11,684)

The change in the liability for net pension liability does not consume a current financial resource and is therefore not reported as an expenditure in the governmental funds. (75,987)

The change in delinquent ad-valorem taxes for the year does not create a current financial resource and therefore is deferred in the governmental funds. 1,845

The change in warrant fees for the year does not create a current financial resource and therefore is deferred in the governmental funds. 29,204

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 508,320

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
WATER FUND
SEPTEMBER 30, 2016

ASSETS

Cash and Investments	\$ 1,332,657
Receivable from Water Customers	87,717
Inventory	34,700
Prepaid Expenses	4,203
Due from Other Funds	1,119
Capital Assets	7,877,543
Accumulated Depreciation	<u>(3,185,319)</u>
Total Assets	<u>6,152,620</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow - TMRS Pension	39,442
Deferred Charge on Refunded Bonds	<u>25,240</u>
Total Deferred Outflows of Resources	<u>64,682</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS \$ 6,217,302

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 53,531
Accrued Wages Payable	6,628
Water Customer Deposits	17,750
Compensated Absences Payable	5,196
Accrued Interest Payable	14,480
Net Pension Liability	49,177
Bonds Payable	<u>2,474,364</u>
Total Liabilities	<u>2,621,126</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflow - TMRS Pension	1,930
--------------------------------	-------

NET POSITION

Net Investment in Capital Assets	2,217,860
Unrestricted	996,265
Unrestricted - Designated for Capital Replacement	<u>380,121</u>
Total Net Position	<u>3,594,246</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION \$ 6,217,302

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER FUND
YEAR ENDED SEPTEMBER 30, 2016

<u>REVENUE</u>	
Water Service	\$ 784,442
Other Revenue	<u>57,362</u>
Total Revenue	<u>841,804</u>
<u>OPERATING EXPENSES</u>	
Personnel	229,852
Supplies	14,456
Other Services and Charges	106,799
Water Lease	47,969
Repair and Maintenance	261,068
Debt Service	117,397
Depreciation	<u>195,206</u>
Total Operating Expenses	<u>972,747</u>
Net Operating Income	(130,943)
<u>NONOPERATING REVENUES</u>	
Proceeds from Insurance	2,390
Interest Income and Other	<u>6,545</u>
Income Before Transfers	(122,008)
<u>TRANSFERS OUT</u>	
Change in Net Position	(144,058)
<u>NET POSITION - BEGINNING</u>	
TOTAL NET POSITION - ENDING	<u><u>\$ 3,594,246</u></u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF CASH FLOWS
WATER FUND
YEAR ENDED SEPTEMBER 30, 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Change in Net Position	\$ (144,058)
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation	195,206
Change in Operating Assets and Liabilities:	
Decrease in Accounts Receivable	74,231
Decrease in Due To/From Other Funds	(40,079)
Decrease in Customer Deposits	(2,000)
Increase in Inventory	(7,379)
Increase in Prepaid Expenses	(3,603)
Increase in Accounts Payable and Accrued Expenses	41,952
Increase in Net Pension Liability	(2,037)
Net Cash Provided by Operating Activities	<u>112,233</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Capital Asset Additions	(192,258)
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>	
Repayment of Debt	<u>(83,270)</u>
 Net Increase in Cash	 (163,295)
 <u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	 <u>1,495,952</u>
 CASH AND CASH EQUIVALENTS - END OF YEAR	 <u>\$ 1,332,657</u>
 <u>NONCASH ACTIVITY:</u>	
Change in Actuarially Determined Net Pension Liability	<u>\$ 20,400</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
YEAR ENDED SEPTEMBER 30, 2016

	<u>PET DOCUMENTATION AND RESCUE FUND</u>
Cash	<u>\$ 2,293</u>
Liability	
Due to Others	<u>\$ 2,293</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shavano Park, Texas (the City) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Reporting Entity

The financial statements include all the governmental, proprietary, and fiduciary funds of the City. There are no component units applicable to the City. Therefore, the primary government (City of Shavano Park, Texas) is the same as the reporting entity. The City is not a component unit of any other entity.

B. Government-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

C. Fund Financial Statements

The government uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in another fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Financial Statements (Continued)

Fiduciary funds are used to account for assets held by the City as an agent for individuals and/or other funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Governmental fund type operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

In the government-wide statement of net position and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus and using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A 60 day availability period is used for revenue recognition for governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt is recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise fees, special assessments, interest revenue and charges for services. Licenses, fines and permits are not susceptible to accrual because generally, they are not measurable until received in cash.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Continued)

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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's deferred outflows of resources are unamortized loss on refund bonds, the City's contributions to the defined-benefit pension fund after the measurement date of the plan, changes in the actuarial investment experience, and actuarial assumptions.

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 governmental funds report deferred revenues from property taxes, warrants, and EMS receivables, and the difference between actual experience and actuarial assumptions from the defined-benefit pension plan. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Cash and Investments

Cash and investments include amounts in demand deposits, savings accounts, and TexSTAR and TexPool investment accounts.

F. 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 the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem taxes, warrants, franchise fees, and other fees. Business-type activities report water earnings as their major receivables.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem tax, warrants, franchise fees, and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

H. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements – In the government-wide financial statements, assets are accounted for as capital assets. All capital assets are valued at historical cost, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Vehicles	3 – 10 Years
Furniture and Equipment	3 – 10 Years
Infrastructure	10 – 40 Years

Fund Financial Statements – In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

The City's policies regarding vacation and fire and police holiday time permit employees to accumulate earned but unused leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

J. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or the fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

K. Equity Classifications – Government-Wide

Government-Wide Statements – Equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance

The City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaids) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Council to the City Manager.

In the general fund, the City strives to maintain an unassigned fund balance equal to 25% to 50% of budgeted expenditures.

M. Pensions

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

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS

EMPLOYEES' RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	84
Active employees	<u>46</u>
Total	152

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.40% and 13.61% for calendar years 2015 and 2016 respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$318,460, and were \$4,001 above the required contributions of \$314,459.

D. Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality 16 rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Net Pension Liability (Continued)

Discount Rate

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 5,346,634	\$ 4,735,899	\$ 610,735
Changes for the year:			
Service Cost	415,475	-	415,475
Interest	383,127	-	383,127
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(35,818)	-	(35,818)
Changes of Assumptions	59,151	-	59,151
Contributions - Employer	-	307,649	(307,649)
Contributions - Employee	-	158,233	(158,233)
Net Investment Income	-	6,990	(6,990)
Benefit Payments, Including Refunds of Employee Contributions	(162,266)	(162,266)	-
Administrative Expense	-	(4,256)	4,256
Other Changes	-	(212)	212
Net Changes	<u>659,669</u>	<u>306,138</u>	<u>353,531</u>
Balance at December 31, 2015	<u>\$ 6,006,303</u>	<u>\$ 5,042,037</u>	<u>\$ 964,266</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Net Pension Liability (Continued)

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease in Discount Rate (5.75)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
\$ 1,604,665	\$ 964,266	\$ 89,322

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$390,250.

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

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference Between Expected and Actual Economic Experience	\$ -	\$ 32,545
Changes in Actuarial Assumptions	41,007	-
Difference Between Projected and Actual Investment Earnings	291,773	-
Contributions Subsequent to the Measurement Date	247,519	-
Total	\$ 580,299	\$ 32,545

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 2: PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

The City reported \$247,519 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2017	\$	76,928
2018		80,918
2019		77,486
2020		64,903
Total	\$	<u>300,235</u>

F. Supplemental Death Benefits Fund

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

G. Benefits

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

H. Contributions

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

The City's contributions to the TMRS SDBF for the years ended 2016, 2015, and 2014 were \$3,042, 2,929, and \$3,453, respectively, which equaled the required contributions each year.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 3: PROPERTY TAXES

Taxes were levied on and payable as of January 1. For fiscal year 2016, the assessed tax rate for the City was \$.2877 per \$100 on an assessed valuation of \$1,018,622,982. This is broken out as \$.264066 per \$100 for general operations and \$.023676 per \$100 for debt retirement. Total tax levy for 2016 was \$2,856,175. As of September 30, 2016, the current year uncollected taxes were \$19,851.

NOTE 4: DEPOSITS AND INVESTMENTS

Local government investment pools in Texas are established under the government of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the 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 AAAM 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.

The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2a7 of the Investment Company Act of 1940 but are not registered with the SEC as investment companies. The pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool.

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CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 4: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Presented below is the minimum rating required by (where applicable) the City's investment policy and the Act and the actual rating as of September 30, 2016 for each investment:

DESCRIPTION	INVESTMENT POLICY MINIMUM RATING	INVESTMENT RATING	RATING ORGANIZATION	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
TexStar	AAA	AAAm	Standard & Poor's	\$ 2,102,453	-
TexPool	AAA	AAA	Standard & Poor's	466	-
Certificates of Deposits	N/A	N/A	N/A	<u>753,175</u>	.25
TOTAL INVESTMENTS				<u>\$ 2,856,094</u>	

Concentration of Credit Risk: Disclosure is required for investments in any one issuer that represent 5% or more of total investment. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The City's investments in external investment pools exceeding 5% are excluded from this requirement.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturing of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting the City's exposure to fair value losses arising from interest rate risk, the City's investment policy limits the maximum weighted average maturity for its portfolio as a whole to 365 days. Maximum allowable stated maturities of any investment shall not exceed 5 years.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: LONG-TERM DEBT

The changes in long-term debt during the year are summarized as follows:

	ORIGINAL AMOUNT	INTEREST RATE PAYABLE	BALANCE OUTSTANDING 10/1/2015	ISSUED DURING YEAR	RETIRED DURING YEAR	BALANCE OUTSTANDING 9/30/2016	AMOUNTS DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>							
General Obligation Refunding: Series 2009	\$ 2,220,620	2.5% - 4.375%	<u>\$ 1,779,673</u>	<u>\$ -</u>	<u>\$ (139,037)</u>	<u>\$ 1,640,636</u>	<u>\$ 139,037</u>
Total Governmental Activities			<u>1,779,673</u>	<u>-</u>	<u>(139,037)</u>	<u>1,640,636</u>	<u>139,037</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Self Supporting Obligation Refunding: Series 2009	574,380	2.5% - 4.375%	460,327	-	(35,963)	424,364	35,963
Self Supporting Obligation: Series 2009	2,299,999	2.5% - 5%	<u>2,100,000</u>	<u>-</u>	<u>(50,000)</u>	<u>2,050,000</u>	<u>50,000</u>
Total Business-Type Activities			<u>2,560,327</u>	<u>-</u>	<u>(85,963)</u>	<u>2,474,364</u>	<u>85,963</u>
TOTAL GOVERNMENT			<u>\$ 4,340,000</u>	<u>\$ -</u>	<u>\$ (225,000)</u>	<u>\$ 4,115,000</u>	<u>\$ 225,000</u>

At September 30, 2016, the City's long-term debt consisted of the following combination tax and limited pledge revenue certificates of obligation bonds, issued in 2009: "\$2,795,000 City of Shavano Park General Obligation Refunding Bond, Series 2009" and "\$2,299,999 City of Shavano Park Combination Tax and Limited Revenue Pledge Certificate of Obligation, Series 2009". During the year ended September 30, 2009 the City issued \$2,795,000 of General Obligation Refunding Bonds, Series 2009, to defease certain bonds outstanding (\$2,575,000) from the \$3,650,000 Combination Tax and Limited Pledge Certificates of Obligation Bonds, Series 2000 - to achieve debt service savings. The defeasement loss (or difference in the \$2,795,000 refunding bonds and the \$2,575,000 bonds defeased) of \$220,000 has been deferred and is recorded as a reduction in bonds payable in these financial statements: \$45,213 related to the self-supporting obligations has been recorded in the enterprise fund and \$174,787 relates to the general obligation bonds. This amount will be amortized as an increase in interest expense over the remaining 16½ years of the bond obligation. Amortization in the current year was \$2,693 for the self-supporting bonds and \$10,408 for the general obligation bonds.

The City realized \$488,000 of savings from the reduced interest cost of the refunding bonds over the defeased bonds. When offset by the \$220,000 defeasement loss on issue which will be amortized to interest expense, the City's net savings will be \$268,000 over the remaining bond term. The defeased bonds were redeemed in August 2010.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 5: LONG-TERM DEBT (CONTINUED)

The following table presents the annual debt service requirement of the City:

YEAR ENDING SEPTEMBER 30,	BUSINESS TYPE			GOVERNMENTAL TYPE		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2017	\$ 90,963	\$ 111,805	\$ 202,768	\$ 139,037	\$ 64,007	\$ 203,044
2018	91,990	108,741	200,731	143,010	59,070	202,080
2019	95,073	105,367	200,440	154,927	53,470	208,397
2020	100,073	101,632	201,705	154,928	47,272	202,200
2021	102,128	97,647	199,775	162,872	40,917	203,789
2022-2026	574,137	419,458	993,595	885,862	94,960	980,822
2027-2031	440,000	301,750	741,750	-	-	-
2032-2036	565,000	177,625	742,625	-	-	-
2037-2040	415,000	31,875	446,875	-	-	-
NET BONDS OUTSTANDING	<u>\$2,474,364</u>	<u>\$ 1,455,900</u>	<u>\$ 3,930,264</u>	<u>\$1,640,636</u>	<u>\$ 359,696</u>	<u>\$ 2,000,332</u>

The bonds are \$5,000 in denomination and are dated May 1, 2009 and August 1, 2009. The bonds were issued for the purpose for securing funds to improve the City's water system, construct a new city hall, and for drainage and street improvements. The Self-Supporting Limited Revenue Pledge Bonds are repayable from the net revenue of the City's proprietary fund.

The general obligation bonds are payable out of the City's ad valorem tax revenues, the City Council having been authorized to levy and cause to be assessed and collected an amount of ad valorem taxes sufficient to pay the annual as provided in the bond ordinance, solely for the benefit of said bonds. The bond ordinance stipulates that "said interest and sinking fund shall be kept separate and apart from all other funds and accounts of said City, and shall be used only for paying the interest on and principal of said bonds." All ad valorem taxes levied and collected for and on account of said bonds shall be deposited, as collected, to the credit of said interest and sinking fund. During each year while any of said bonds or interest coupons appertaining thereto are outstanding and unpaid, the governing body of said City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest of said bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such bonds as such principal matures and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid interest and sinking fund.

Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said bonds, as such interest comes due and such principal matures, are hereby pledged irrevocably for such payment, within the limit prescribed by law.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets:

	<u>9/30/2015</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>9/30/2016</u>
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 111,687	\$ -	\$ -	\$ 111,687
Capital Assets being Depreciated				
Building and Improvements	3,637,474	13,727	-	3,651,201
Street Improvements	2,771,047	-	-	2,771,047
Vehicles and Equipment	<u>3,011,084</u>	<u>137,886</u>	<u>(231,314)</u>	<u>2,917,656</u>
Total Capital Assets being Depreciated	<u>9,419,605</u>	<u>151,613</u>	<u>(231,314)</u>	<u>9,339,904</u>
Less Accumulated Depreciation for:				
Building and Improvements	(1,028,352)	(92,978)	-	(1,121,330)
Street Improvements	(1,336,727)	(69,277)	-	(1,406,004)
Vehicles and Equipment	<u>(2,146,631)</u>	<u>(224,792)</u>	<u>231,314</u>	<u>(2,140,109)</u>
Total Accumulated Depreciation	<u>(4,511,710)</u>	<u>(387,047)</u>	<u>231,314</u>	<u>(4,667,443)</u>
Total Capital Assets being Depreciated - Net	<u>4,907,895</u>	<u>(235,434)</u>	<u>-</u>	<u>4,672,461</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 5,019,582</u>	<u>\$ (235,434)</u>	<u>\$ -</u>	<u>\$ 4,784,148</u>
<u>Business-Type Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 30,146	\$ -	\$ -	\$ 30,146
Water Rights	<u>302,981</u>	<u>-</u>	<u>-</u>	<u>302,981</u>
Total Capital Assets not being Depreciated	<u>333,127</u>	<u>-</u>	<u>-</u>	<u>333,127</u>
Capital Assets being Depreciated				
Water System and Improvements	6,780,286	192,258	-	6,972,544
Building and Improvements	91,363	-	-	91,363
Machinery and Equipment	<u>480,509</u>	<u>-</u>	<u>-</u>	<u>480,509</u>
Total Capital Assets being Depreciated	<u>7,352,158</u>	<u>192,258</u>	<u>-</u>	<u>7,544,416</u>
Less Accumulated Depreciation for:				
Water System and Improvements	(2,613,233)	(172,768)	-	(2,786,001)
Building and Improvements	-	(2,284)	-	(2,284)
Machinery and Equipment	<u>(376,880)</u>	<u>(20,154)</u>	<u>-</u>	<u>(397,034)</u>
Total Accumulated Depreciation	<u>(2,990,113)</u>	<u>(195,206)</u>	<u>-</u>	<u>(3,185,319)</u>
Total Capital Assets being Depreciated - Net	<u>4,362,045</u>	<u>(2,948)</u>	<u>-</u>	<u>4,359,097</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS - NET	<u>\$ 4,695,172</u>	<u>\$ (2,948)</u>	<u>\$ -</u>	<u>\$ 4,692,224</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 6: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities

Administration	\$ 131,641
Municipal Court	1,674
Police	101,720
Fire	128,049
Public Works	<u>23,963</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 387,047</u>
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Business-Type Activities

Water	<u>\$ 195,206</u>
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TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 195,206</u>
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NOTE 7: DEFERRED INFLOWS OF RESOURCES – DEFERRED REVENUE

The following is a summary of deferred revenues at September 30, 2016:

	<u>GENERAL FUND</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Ad Valorem Taxes	\$ 17,965	\$ 1,886	\$ 19,851
Warrant Fees	164,105	-	164,105
EMS	<u>6,020</u>	<u>-</u>	<u>6,020</u>
 TOTAL DEFERRED REVENUE	 <u>\$ 188,090</u>	 <u>\$ 1,886</u>	 <u>\$ 189,976</u>

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 8: INTERFUND BALANCES

During the course of normal operations, interfund payables, receivables and transfers are created to reimburse funds for contractual obligations or normal expenditures.

Transfers during the year ended September 30, 2016, were as follows:

TRANSFERS OUT	TRANSFERS IN			TOTAL
	GENERAL	CAPITAL REPLACEMENT	OTHER	
General	\$ -	\$ 1,905,486	\$ 20,000	\$ 1,925,486
Capital Replacement	25,100	-	148,782	173,882
Water	22,050	-	-	22,050
Other	87,505	-	-	87,505
TOTALS	<u>\$ 134,655</u>	<u>\$ 1,905,486</u>	<u>\$ 168,782</u>	<u>\$ 2,208,923</u>

The City had the following interfund payables and receivables as of September 30, 2016:

RECEIVABLE FUND	PAYABLE FUND	AMOUNT
Other Funds	General Fund	\$ 290,426
General Fund	Other Funds	616
Water Fund	General Fund	1,119
Other Funds	Capital Replacement	21,100
	TOTAL	<u>\$ 313,261</u>

NOTE 9: CONTINGENT LIABILITIES

The City is contingently liable in respect of lawsuits and other claims in the ordinary course of its operations. Should such contingencies become a real liability, funds would have to be appropriated in future budgets for settlement. The City does not feel that there are any matters pending at September 30, 2016 that would have a material effect on the financial condition of the City.

In addition, the City participates in federally funded grant programs from the U.S. Justice Department and Department of Homeland Security, which are subject to federal regulations and guidelines. Should any of the grant program expenditures be disallowed by the respective grantor agency, funds would have to be appropriated in future City budgets for settlement. However, the City feels that such future amounts, if any, would be immaterial.

CITY OF SHAVANO PARK, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs, and other economic and social factors. The City did not have any such liability at September 30, 2016. There were no reductions in insurance coverage from the prior year. Also, the amount of settlements did not exceed insurance coverage for each of the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board, but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund, Debt Service Fund, Crime Control District Fund, PEG Funds, Oak Wilt Fund, Court Restricted Fund, Child Safety Fund, LEOSE, Police Forfeitures, Capital Replacement Fund, and Water Fund.
- Schedule of Funding Progress – Texas Municipal Retirement System

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CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>GENERAL FUND</u>				
<u>Revenues</u>				
Taxes - Ad Valorem	\$ 2,651,198	\$ 2,661,398	\$ 2,645,218	\$ (16,180)
Taxes - Sales	384,000	384,000	388,949	4,949
Taxes - Beverage	18,000	18,000	18,535	535
Franchise Fees	419,122	426,523	437,409	10,886
Permits and Licenses	390,450	390,450	523,446	132,996
Court Fines	210,200	210,200	202,393	(7,807)
Grants	8,033	11,769	11,952	183
Rentals	38,640	38,640	40,619	1,979
EMS Fees	65,000	65,000	68,606	3,606
Other	10,627	15,246	38,883	23,637
Interest	5,000	6,500	10,328	3,828
Total Revenues	<u>4,200,270</u>	<u>4,227,726</u>	<u>4,386,338</u>	<u>158,612</u>
<u>Expenditures</u>				
<u>City Council</u>				
Supplies	19,300	19,300	21,615	(2,315)
Other Services and Charges	11,550	11,550	6,804	4,746
Non-Capital Expenditures	6,400	6,400	530	5,870
Total City Council	<u>37,250</u>	<u>37,250</u>	<u>28,949</u>	<u>8,301</u>
<u>Administration</u>				
Personnel	465,710	465,710	443,840	21,870
Supplies	27,565	27,565	23,362	4,203
Repair and Maintenance	14,660	20,500	23,858	(3,358)
Other Services and Charges	240,922	241,632	256,619	(14,987)
Capital Expenditures	13,500	13,500	12,338	1,162
Non-Capital Expenditures	2,350	2,724	5,571	(2,847)
Total Administration	<u>764,707</u>	<u>771,631</u>	<u>765,588</u>	<u>6,043</u>
<u>Development Services</u>				
Supplies	1,100	1,100	675	425
Other Services and Charges	89,704	89,704	98,996	(9,292)
Total Development Services	<u>90,804</u>	<u>90,804</u>	<u>99,671</u>	<u>(8,867)</u>
<u>Municipal Court</u>				
Personnel	43,811	43,811	42,448	1,363
Supplies	1,900	1,900	1,645	255
Other Services and Charges	26,324	26,324	23,173	3,151
Non-Capital Expenditures	-	169	169	-
Total Municipal Court	<u>72,035</u>	<u>72,204</u>	<u>67,435</u>	<u>4,769</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND (CONTINUED)
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>GENERAL FUND (CONTINUED)</u>				
<u>Expenditures (Continued)</u>				
Police Department				
Personnel	\$ 1,029,129	\$ 1,026,129	\$ 1,039,432	\$ (13,303)
Supplies	18,200	16,200	17,921	(1,721)
Repair and Maintenance	87,260	85,975	66,576	19,399
Other Services and Charges	96,133	95,633	90,251	5,382
Capital Expenditures	90,400	97,995	91,952	6,043
Non-Capital Expenditures	<u>8,750</u>	<u>8,750</u>	<u>7,927</u>	<u>823</u>
Total Police Department	<u>1,329,872</u>	<u>1,330,682</u>	<u>1,314,059</u>	<u>16,623</u>
Fire Department				
Personnel	1,112,146	1,115,882	1,098,486	17,396
Supplies	15,062	15,062	11,062	4,000
Repair and Maintenance	104,334	104,334	100,575	3,759
Other Services and Charges	69,828	69,828	56,297	13,531
Capital Expenditures	-	14,500	13,725	775
Non-Capital Expenditures	<u>18,000</u>	<u>26,417</u>	<u>26,175</u>	<u>242</u>
Total Fire Department	<u>1,319,370</u>	<u>1,346,023</u>	<u>1,306,320</u>	<u>39,703</u>
Public Works				
Personnel	233,569	233,569	196,885	36,684
Supplies	6,175	6,175	6,411	(236)
Repair and Maintenance	66,289	66,289	49,661	16,628
Other Services and Charges	154,762	154,762	141,969	12,793
Capital Expenditures	35,000	35,000	33,598	1,402
Non-Capital Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Public Works	<u>495,795</u>	<u>495,795</u>	<u>428,524</u>	<u>67,271</u>
 Total Expenditures	 <u>4,109,833</u>	 <u>4,144,389</u>	 <u>4,010,546</u>	 <u>133,843</u>
 Excess of Revenues Over Expenditures	 90,437	 83,337	 375,792	 292,455
<u>OTHER FINANCING SOURCES (USES)</u>				
Gain on Sale of Assets	15,000	15,000	15,038	38
Transfers from Other Funds	98,280	98,280	87,505	(10,775)
Transfers from Capital Replacement Fund	18,000	25,100	25,100	-
Transfers from Water Fund	22,050	22,050	22,050	-
Transfers to Other Funds	<u>(278,767)</u>	<u>(1,922,516)</u>	<u>(1,925,486)</u>	<u>(2,970)</u>
Total Other Financing Sources (Uses)	<u>(125,437)</u>	<u>(1,762,086)</u>	<u>(1,775,793)</u>	<u>(13,707)</u>
 Net Changes in Fund Balance	 <u>\$ (35,000)</u>	 <u>\$ (1,678,749)</u>	 (1,400,001)	 <u>\$ 278,748</u>
 <u>FUND BALANCES - BEGINNING</u>			<u>3,838,049</u>	
 FUND BALANCES - ENDING			<u>\$ 2,438,048</u>	

CITY OF SHAVANO PARK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
SEPTEMBER 30, 2016

	<u>2015</u>	<u>2016</u>
Total Pension Liability		
Service Cost	\$ 370,994	\$ 415,475
Interest (on the Total Pension Liability)	342,494	383,127
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(19,418)	(35,818)
Change of Assumptions	-	59,151
Benefit Payments, Including Refunds of Employee Contributions	<u>(109,427)</u>	<u>(162,266)</u>
Net Change in Total Pension Liability	584,643	659,669
Total Pension Liability - Beginning	<u>4,761,991</u>	<u>5,346,634</u>
Total Pension Liability - Ending (a)	<u>\$ 5,346,634</u>	<u>\$ 6,006,303</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 260,007	\$ 307,649
Contributions - Employee	153,047	158,233
Net Investment Income	240,054	6,990
Benefit Payments, Including Refunds of Employee Contributions	(109,427)	(162,266)
Administrative Expense	(2,505)	(4,256)
Other	<u>(205)</u>	<u>(211)</u>
Net Change in Plan Fiduciary Net Position	540,971	306,139
Plan Fiduciary Net Position - Beginning	<u>4,194,928</u>	<u>4,735,898</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 4,735,899</u>	<u>\$ 5,042,037</u>
Net Pension Liability (a) - (b)	<u>\$ 610,735</u>	<u>\$ 964,266</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.58%	83.95%
Covered Employee Payroll	2,183,711	2,260,472
Net Pension Liability as a Percentage of Total Covered Employee Payroll	27.97%	42.66%

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

CITY OF SHAVANO PARK, TEXAS
SCHEDULE OF CONTRIBUTIONS
LAST THREE FISCAL YEARS
SEPTEMBER 30, 2016

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially Determined Contributions	\$ 243,300	\$ 306,584	\$ 314,459
Contributions in Relation to the Actuarially Determined Contributions	<u>243,300</u>	<u>306,584</u>	<u>318,460</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,001)</u>
Covered Employee Payroll	<u>\$ 2,157,762</u>	<u>\$ 2,252,914</u>	<u>\$ 2,260,472</u>
Contributions as a Percentage of Covered Employee Payroll	11.28%	13.61%	14.09%

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

CITY OF SHAVANO PARK, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016

NOTE 1: BUDGETARY INFORMATION

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

The original budgets for the general fund is adopted by the City Council by September 30. Budgetary preparation and control is exercised at the department level. The City Administrator is authorized to transfer budget amounts between line items within a department; however, any transfer or supplemental appropriation that amends the total expenditures of a department or total budget requires City Council approval. Both the original and final budgets are included.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.50% Including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF SHAVANO PARK, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>PEG FUNDS</u>	<u>OAK WILT</u>	<u>STREET MAINTENANCE</u>	<u>CHILD SAFETY FUND</u>
<u>ASSETS</u>				
Cash and Investments	\$ 88,911	\$ -	\$ -	\$ -
Receivables:				
Delinquent Ad Valorem Taxes	-	-	-	-
Other Receivable	-	-	17,891	-
Due from Other Funds	-	56,632	174,289	6,176
Prepaid Expenses				
 TOTAL ASSETS	 <u>\$ 88,911</u>	 <u>\$ 56,632</u>	 <u>\$ 192,180</u>	 <u>\$ 6,176</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,237
Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,237</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Revenue - Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES</u>				
Non-Spendable - Prepaid Items				
Restricted - PEG Funds	88,911	-	-	-
Restricted - Street Maintenance	-	-	192,180	-
Restricted - Child Safety Fund	-	-	-	4,939
Restricted - Court	-	-	-	-
Restricted - LEOSE	-	-	-	-
Restricted - Police Forfeiture	-	-	-	-
Restricted - Debt Service	-	-	-	-
Restricted - Crime Control District	-	-	-	-
Committed - Oak Wilt	-	56,632	-	-
Total Fund Balances	<u>88,911</u>	<u>56,632</u>	<u>192,180</u>	<u>4,939</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	 <u>\$ 88,911</u>	 <u>\$ 56,632</u>	 <u>\$ 192,180</u>	 <u>\$ 6,176</u>

<u>COURT RESTRICTED</u>	<u>LEOSE</u>	<u>POLICE FORFEITURE</u>	<u>CRIME CONTROL DISTRICT</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ -	\$ 3,545	\$ 6,226	\$ 762,069	\$ 303,982	\$ 1,164,733
-	-	-	-	1,886	1,886
-	-	-	17,504	-	35,395
<u>53,236</u>	<u>-</u>	<u>-</u>	<u>21,100</u>	<u>93</u>	<u>311,526</u>
<u>\$ 53,236</u>	<u>\$ 3,545</u>	<u>\$ 6,226</u>	<u>\$ 800,673</u>	<u>\$ 305,961</u>	<u>\$ 1,513,540</u>
\$ -	\$ 115	\$ -	\$ 503	\$ -	\$ 1,855
-	616	-	-	-	616
<u>-</u>	<u>731</u>	<u>-</u>	<u>503</u>	<u>-</u>	<u>2,471</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,886</u>	<u>1,886</u>
-	-	-	-	-	88,911
-	-	-	-	-	192,180
-	-	-	-	-	4,939
53,236	-	-	-	-	53,236
-	2,814	-	-	-	2,814
-	-	6,226	-	-	6,226
-	-	-	-	304,075	304,075
-	-	-	800,170	-	800,170
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,632</u>
<u>53,236</u>	<u>2,814</u>	<u>6,226</u>	<u>800,170</u>	<u>304,075</u>	<u>1,509,183</u>
<u>\$ 53,236</u>	<u>\$ 3,545</u>	<u>\$ 6,226</u>	<u>\$ 800,673</u>	<u>\$ 305,961</u>	<u>\$ 1,513,540</u>

CITY OF SHAVANO PARK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>PEG</u>	<u>OAK WILT</u>	<u>STREET MAINTENANCE</u>	<u>CHILD SAFETY FUND</u>
<u>REVENUES</u>				
Taxes - Ad Valorem	\$ -	\$ -	\$ -	\$ -
Taxes - Sale Tax	-	-	97,237	-
Franchise Fees	15,385	-	-	-
Building Permits and Fees	-	17,710	-	-
Fines and Forfeits	-	-	-	-
Grant and Other	-	-	-	3,928
Interest	7	-	-	-
Total Revenues	<u>15,392</u>	<u>17,710</u>	<u>97,237</u>	<u>3,928</u>
<u>EXPENDITURES</u>				
Police	-	-	-	2,011
Fire	-	-	-	1,519
Principal Retirement	-	-	-	-
Interest and Fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,530</u>
Excess of Revenues Over Expenditures	<u>15,392</u>	<u>17,710</u>	<u>97,237</u>	<u>398</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer from General Fund	-	20,000	-	-
Transfer from Capital Replacement Fund	-	-	-	-
Transfers to Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	15,392	37,710	97,237	398
FUND BALANCES - BEGINNING	<u>73,519</u>	<u>18,922</u>	<u>94,943</u>	<u>4,541</u>
FUND BALANCES - ENDING	<u>\$ 88,911</u>	<u>\$ 56,632</u>	<u>\$ 192,180</u>	<u>\$ 4,939</u>

<u>COURT RESTRICTED</u>	<u>LEOSE</u>	<u>POLICE FORFEITURE</u>	<u>CRIME CONTROL DISTRICT</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$ 237,688	\$ 237,688
-	-	-	98,423	-	195,660
-	-	-	-	-	15,385
-	-	-	-	-	17,710
8,739	-	-	-	-	8,739
-	1,584	-	-	-	5,512
-	11	1	67	248	334
<u>8,739</u>	<u>1,595</u>	<u>1</u>	<u>98,490</u>	<u>237,936</u>	<u>481,028</u>
-	3,469	-	7,661	-	13,141
-	-	-	-	-	1,519
-	-	-	-	139,037	139,037
-	-	-	-	68,677	68,677
-	<u>3,469</u>	-	<u>7,661</u>	<u>207,714</u>	<u>222,374</u>
<u>8,739</u>	<u>(1,874)</u>	<u>1</u>	<u>90,829</u>	<u>30,222</u>	<u>258,654</u>
-	-	-	-	-	20,000
-	-	-	148,782	-	148,782
<u>(5,046)</u>	<u>-</u>	<u>-</u>	<u>(82,459)</u>	<u>-</u>	<u>(87,505)</u>
<u>(5,046)</u>	<u>-</u>	<u>-</u>	<u>66,323</u>	<u>-</u>	<u>81,277</u>
3,693	(1,874)	1	157,152	30,222	339,931
<u>49,543</u>	<u>4,688</u>	<u>6,225</u>	<u>643,018</u>	<u>273,853</u>	<u>1,169,252</u>
<u>\$ 53,236</u>	<u>\$ 2,814</u>	<u>\$ 6,226</u>	<u>\$ 800,170</u>	<u>\$ 304,075</u>	<u>\$ 1,509,183</u>

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CAPITAL REPLACEMENT FUND
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Interest	\$ 100	\$ 100	\$ 213	\$ 113
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers From Other Funds	290,432	1,914,181	1,905,486	(8,695)
Transfers To Other Funds	<u>(18,000)</u>	<u>(25,100)</u>	<u>(173,882)</u>	<u>(148,782)</u>
Total Other Financing Sources (Uses)	<u>272,432</u>	<u>1,889,081</u>	<u>1,731,604</u>	<u>(157,477)</u>
Net Changes in Fund Balance	<u>\$ 272,532</u>	<u>\$ 1,889,181</u>	1,731,817	<u>\$ (157,364)</u>
<u>FUND BALANCES - BEGINNING</u>			<u>1,582,897</u>	
FUND BALANCES - ENDING			<u>\$ 3,314,714</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PEG FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Franchise Fees	\$ 15,000	\$ 15,000	\$ 15,385	\$ 385
Interest	<u>5</u>	<u>5</u>	<u>7</u>	<u>2</u>
Total Revenues	<u>15,005</u>	<u>15,005</u>	<u>15,392</u>	<u>387</u>
Net Changes in Fund Balance	<u>\$ 15,005</u>	<u>\$ 15,005</u>	15,392	<u>\$ 387</u>
<u>FUND BALANCES - BEGINNING</u>			<u>73,519</u>	
FUND BALANCES - ENDING			<u>\$ 88,911</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
OAK WILT FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Building Permits and Fees	\$ 10,500	\$ 10,500	\$ 17,710	\$ 7,210
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from General Fund	-	<u>20,000</u>	<u>20,000</u>	-
Net Changes in Fund Balance	<u>\$ 10,500</u>	<u>\$ 30,500</u>	37,710	<u>\$ 7,210</u>
<u>FUND BALANCES - BEGINNING</u>			<u>18,922</u>	
FUND BALANCES - ENDING			<u>\$ 56,632</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
STREET MAINTENANCE FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes - Sales Tax	\$ 96,000	\$ 96,000	\$ 97,237	\$ 1,237
<u>FUND BALANCES - BEGINNING</u>			<u>94,943</u>	
FUND BALANCES - ENDING			<u>\$ 192,180</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CHILD SAFETY FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Grants and Other	\$ 3,400	\$ 3,400	\$ 3,928	\$ 528
<u>EXPENDITURES</u>				
Police	2,080	2,080	2,011	69
Fire	<u>1,000</u>	<u>1,000</u>	<u>1,519</u>	<u>(519)</u>
Total Expenditures	3,080	3,080	3,530	(450)
Excess of Revenues Over Expenditures	<u>\$ 320</u>	<u>\$ 320</u>	398	<u>\$ 78</u>
<u>FUND BALANCES - BEGINNING</u>			<u>4,541</u>	
FUND BALANCES - ENDING			<u>\$ 4,939</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
COURT RESTRICTED FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Fines and Forfeits	<u>\$ 11,950</u>	<u>\$ 11,950</u>	<u>\$ 8,739</u>	<u>\$ (3,211)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers to Other Funds	<u>(8,530)</u>	<u>(8,530)</u>	<u>(5,046)</u>	<u>3,484</u>
Net Changes in Fund Balance	<u>\$ 3,420</u>	<u>\$ 3,420</u>	<u>3,693</u>	<u>\$ 273</u>
<u>FUND BALANCES - BEGINNING</u>			<u>49,543</u>	
FUND BALANCES - ENDING			<u>\$ 53,236</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
LEOSE FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Grant and Other	\$ 1,500	\$ 1,500	\$ 1,584	\$ 84
Interest	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,595</u>	<u>95</u>
<u>EXPENDITURES</u>				
Police	3,900	3,900	3,469	431
Excess of Revenues Over Expenditures	<u>\$ (2,400)</u>	<u>\$ (2,400)</u>	\$ (1,874)	<u>\$ 526</u>
<u>FUND BALANCES - BEGINNING</u>			<u>4,688</u>	
FUND BALANCES - ENDING			<u>\$ 2,814</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
POLICE FORFEITURE FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 1	\$ 1
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
<u>FUND BALANCES - BEGINNING</u>			<u>6,225</u>	
FUND BALANCES - ENDING			<u>\$ 6,226</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CRIME CONTROL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes - Sales Tax	\$ 96,000	\$ 96,000	\$ 98,423	\$ 2,423
Interest	30	30	67	37
Total Revenues	<u>96,030</u>	<u>96,030</u>	<u>98,490</u>	<u>2,460</u>
<u>EXPENDITURES</u>				
Police	7,550	7,550	7,661	(111)
Excess of Revenues Over Expenditures	88,480	88,480	90,829	2,349
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers from Capital Replacement Fund	-	148,782	148,782	-
Transfers to General Fund	<u>(89,750)</u>	<u>(89,750)</u>	<u>(82,459)</u>	<u>7,291</u>
Total Other Financing Sources (Uses)	<u>(89,750)</u>	<u>59,032</u>	<u>66,323</u>	<u>7,291</u>
Net Changes in Fund Balance	<u>\$ (1,270)</u>	<u>\$ 147,512</u>	157,152	<u>\$ 9,640</u>
<u>FUND BALANCES - BEGINNING</u>			<u>643,018</u>	
FUND BALANCES - ENDING			<u>\$ 800,170</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
DEBT SERVICE FUND
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes - Ad Valorem	\$ 178,230	\$ 178,230	\$ 237,688	\$ 59,458
Interest	<u>-</u>	<u>-</u>	<u>248</u>	<u>248</u>
Total Revenues	<u>178,230</u>	<u>178,230</u>	<u>237,936</u>	<u>59,706</u>
<u>EXPENDITURES</u>				
Principal Retirement	139,037	139,037	139,037	-
Interest and Fees	<u>69,527</u>	<u>69,527</u>	<u>68,677</u>	<u>(850)</u>
Total Expenditures	<u>208,564</u>	<u>208,564</u>	<u>207,714</u>	<u>(850)</u>
Excess of Revenues Over Expenditures	<u>(30,334)</u>	<u>(30,334)</u>	<u>30,222</u>	<u>60,556</u>
Net Changes in Fund Balance	<u>\$ (30,334)</u>	<u>\$ (30,334)</u>	30,222	<u>\$ 60,556</u>
<u>FUND BALANCES - BEGINNING</u>			<u>273,853</u>	
FUND BALANCES - ENDING			<u>\$ 304,075</u>	

CITY OF SHAVANO PARK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
WATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE (NEGATIVE)</u>
<u>REVENUES</u>				
Water Service	\$ 826,836	\$ 826,836	\$ 731,060	\$ (95,776)
Debt Service	55,000	55,000	53,382	(1,618)
Lease Revenue	<u>32,700</u>	<u>56,700</u>	<u>57,362</u>	<u>662</u>
Total Revenue	<u>914,536</u>	<u>938,536</u>	<u>841,804</u>	<u>(96,732)</u>
<u>OPERATING EXPENSES</u>				
Personnel	206,797	218,797	229,852	(11,055)
Supplies	13,005	13,005	14,456	(1,451)
Other Services and Charges	134,814	118,014	106,799	11,215
Capital Expenditures	112,285	207,785	192,258	15,527
Water Lease	48,000	48,000	47,969	31
Repair and Maintenance	222,862	312,226	261,068	51,158
Debt Service	<u>200,668</u>	<u>200,668</u>	<u>117,397</u>	<u>83,271</u>
Total Operating Expenses	<u>938,431</u>	<u>1,118,495</u>	<u>969,799</u>	<u>148,696</u>
Net Operating Income	(23,895)	(179,959)	(127,995)	51,964
<u>NONOPERATING REVENUES</u>				
Proceeds from Insurance	-	50,026	2,390	(47,636)
Interest Income and Other	<u>4,203</u>	<u>4,203</u>	<u>6,545</u>	<u>2,342</u>
Income Before Transfers	(19,692)	(125,730)	(119,060)	6,670
<u>TRANSFERS OUT</u>	<u>(22,050)</u>	<u>(22,050)</u>	<u>(22,050)</u>	<u>-</u>
Change in Budgetary Net Position	<u>\$ (41,742)</u>	<u>\$ (147,780)</u>	(141,110)	<u>\$ 6,670</u>
Depreciation is Not a Budgetary Outflow of Resources but is for GAAP			(195,206)	
Capital Outlay are Capitalized for GAAP			192,258	
Change in GAAP Net Position			(144,058)	
<u>NET POSITION - BEGINNING</u>			<u>3,738,304</u>	
TOTAL NET POSITION - ENDING			<u>\$ 3,594,246</u>	