

**TOWN OF WOODSBORO, TEXAS**

**FINANCIAL STATEMENTS**

**For the Year Ended July 31, 2014**

**TOWN OF WOODSBORO, TEXAS  
FINANCIAL STATEMENTS  
For the Year Ended July 31, 2014**

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**TOWN OF WOODSBORO, TEXAS  
FINANCIAL STATEMENTS  
For the Year Ended July 31, 2014**

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## INTRODUCTORY SECTION

**TOWN OF WOODSBORO, TEXAS  
LIST OF PRINCIPAL OFFICIALS  
July 31, 2014**

Mayor	Larry Jochetz
Mayor Pro-tem	(August – June) Jimmy Blaschke (June – July) Debra Bolcik
Council Members	(August – June) Debra Bolcik Johnny Cisneros Ralph Cisneros Elix Ortiz (June – July) Richard Sanchez
City Attorney	Donald Kubicek
City Engineer	Robert Viera (LNV Engineering)
Tax Assessor and Collector	Ida M. Turner
Municipal Police Officer	(August – January) Joseph Roberts (July) Robert Lee Valdez
City Secretary	Ruby H. DeLaGarza
City Clerk/Water Clerk	(May – July) Viola Meza
Municipal Court Clerk	(August – May) Deborah LePore (May – July) Ruby H. DeLaGarza
Deputy Court Clerk	(May – July) Raquel Flores
Municipal Judge	Diego Bustillo
Public Works Director	Gabriel Thomas

**FINANCIAL SECTION**

# *Goldman, Hunt & Notz, L.L.P.*

## *Certified Public Accountants*

DONALD G. GOLDMAN, CPA  
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JAMIE K. NOTZ, CPA, CVA\*  
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MEMBERS OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

### **INDEPENDENT AUDITOR'S REPORT**

October 7, 2014

To the Honorable Mayor  
and Members of the Town Council  
Town of Woodsboro, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Woodsboro, Texas, as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the Town'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, and each major fund of the Town of Woodsboro, Texas, as of July 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 9 and 39 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 Town of Woodsboro, Texas's basic financial statements. The individual grant section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The individual grant section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Goldman, Hunt & Notz, L.L.P.



**TOWN OF WOODSBORO, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**July 31, 2014**

This discussion and analysis is intended to be an easily readable analysis of the Town of Woodsboro's (Town) financial activities based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the financial statements that follow.

**Report Layout**

In addition to the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements required supplementary information and individual grant information. The first several statements are highly condensed and present a government-wide view of the Town's finances. Within this view, all Town operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as general government, public safety, municipal court, streets, animal control and recreation. The Town's business-type activity provides water, sewer and sanitation services to the citizens. These government-wide statements are designed to be more corporate-like in that all activities are consolidated into a total for the Town.

**Basic Financial Statements**

- The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of the assets the community owns, the liabilities it owes and the net difference. The net difference is further separated into amounts invested in capital assets net of related debt, restricted for specific purposes and unrestricted amounts.
- The Statement of Activities focuses gross and net costs of Town programs and the extent to which such programs rely upon general tax and other revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.
- Fund financial statements focus separately on major governmental funds and proprietary funds. Governmental fund statements follow the more traditional presentation of financial statements. The Town's major governmental funds are presented in their own columns. Statements for the Town's proprietary fund follow the governmental funds and include net position, revenue, expenses and changes in net position, and cash flow.
- The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

The discussion and analysis of the Town of Woodsboro's financial performance provides an overall review of the Town's financial activities for the year ended July 31, 2014. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Town's financial performance.

**TOWN OF WOODSBORO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2014**

**Financial Highlights**

- The assets of the Town of Woodsboro, Texas exceeded its liabilities at the close of the year ended July 31, 2014 by \$4,433,669. Of this amount, \$1,495,517 of unrestricted net assets is available to meet the Town's ongoing obligations to citizens and creditors.
- At July 31, 2014, the Town's governmental funds reported combined ending fund balances of \$589,789, of which \$538,089 is available for governmental discretion (unassigned and committed fund balances).
- At July 31, 2014, unassigned fund balance for the General Fund was \$72,290 or 12% of total General Fund expenditures.
- The total cost of all Town activities was \$1,287,294 for the year. Net revenue of all activities was \$94,258.
- During the year, the Town's program revenues exceeded net expenses of the government activities by \$53,126.

**Town as a Whole**

*Government-Wide Financial Statements*

A condensed version of the Statement of Net Assets at July 31, 2014 and 2013 follows:

**Town of Woodsboro, Texas  
Components of Net Position  
July 31, 2014  
With Comparative Totals for July 31, 2013  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>		<b>Amount Change</b>	<b>% Change</b>
	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013		
Cash	\$ 690	\$ 389	\$ 380	\$ 226	\$ 1,070	\$ 615	\$ 455	74.0%
Other assets	396	403	587	625	983	1,028	(45)	-4.4%
Capital assets	277	225	3,535	3,540	3,812	3,765	47	1.2%
Total assets	1,363	1,017	4,502	4,391	5,865	5,408	457	8.5%
Other liabilities	280	271	89	96	369	367	2	0.5%
Long term debt	-	-	1,062	1,105	1,062	1,105	(43)	-3.9%
Total liabilities	280	271	1,151	1,201	1,431	1,472	(41)	-2.8%
Net position:								
Invested in capital assets, net of related debt	277	225	2,473	2,435	2,750	2,660	90	3.4%
Restricted	28	31	161	150	189	181	8	4.4%
Unrestricted	778	490	717	605	1,495	1,095	400	36.5%
Total net position	\$ 1,083	\$ 746	\$ 3,351	\$ 3,190	\$ 4,434	\$ 3,936	\$ 498	12.7%

**TOWN OF WOODSBORO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2014**

**Financial Highlights (Continued)**

During the year ended July 31, 2014 the net position of the Town increased approximately \$498,000. Cash increased by \$455,000, inventory decreased by \$77,000, fixed asset purchases were \$212,000, depreciation expense was \$165,000, decrease in long-term debt of \$43,000 and other increases were \$30,000.

A condensed version of the Statement of Activities follows:

**Town of Woodsboro, Texas  
Condensed Statement of Activities  
For the Year Ended July 31, 2014  
With Comparative Totals for the Year Ended July 31, 2013  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>		<b>Amount Change</b>	<b>% Change</b>
	<u>July 31, 2014</u>	<u>July 31, 2013</u>	<u>July 31, 2014</u>	<u>July 31, 2013</u>	<u>July 31, 2014</u>	<u>July 31, 2013</u>		
Revenues								
Program revenues								
Charges for services	\$ 582	\$ 194	\$ 795	\$ 714	\$ 1,377	\$ 908	\$ 469	51.7%
General revenues								
Taxes	400	394			400	394	6	1.5%
Interest	1	-	1	-	2	-	2	100.0%
Donation				500	-	500	(500)	100.0%
Intergovernmental revenue	5	677			5	677	(672)	-99.3%
Total revenues	<u>988</u>	<u>1,265</u>	<u>796</u>	<u>1,214</u>	<u>1,784</u>	<u>2,479</u>	<u>(695)</u>	-28.0%
Expenses								
General government	374	1,020			374	1,020	(646)	-63.3%
Public safety/municipal								
court	60	42			60	42	18	42.9%
Streets	71	67			71	67	4	6.0%
Animal control	17	17			17	17	-	0.0%
Recreation	11	7			11	7	4	57.1%
Water and sewer			608	589	608	589	19	3.2%
Sanitation			145	148	145	148	(3)	-2.0%
Total expenses	<u>533</u>	<u>1,153</u>	<u>753</u>	<u>737</u>	<u>1,286</u>	<u>1,890</u>	<u>(604)</u>	-32.0%
Excess (deficiency)								
before non operating								
revenues, expenses,								
and transfers	455	112	43	477	498	589	(91)	-15.4%
Transfers	(118)	(121)	118	121	-	-	-	0.0%
Change in net position	337	(9)	161	598	498	589	(91)	-15.4%
Beginning net position	746	755	3,190	2,592	3,936	3,347	589	17.6%
Ending net position	<u>\$ 1,083</u>	<u>\$ 746</u>	<u>\$ 3,351</u>	<u>\$ 3,190</u>	<u>\$ 4,434</u>	<u>\$ 3,936</u>	<u>\$ 498</u>	12.7%

**TOWN OF WOODSBORO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2014**

**Financial Highlights (Concluded)**

**Governmental Activities**

Revenues

Revenues decreased by \$277,000. Ad valorem taxes decreased \$2,000, sales taxes increased \$2,000, franchise taxes increased \$5,000, licenses, permits and fees increased \$367,000, primarily due to amusement machine permits, fines increased \$23,000, intergovernmental revenue decreased \$671,000 and miscellaneous income decreased \$1,000.

Expenses

Expenses and other charges decreased approximately \$620,000. The largest decrease was pass-through grant expenditures in the prior year of \$663,000. There also was a decrease in salary of \$20,000 and other decreases of \$23,000.

**Business-type Activities**

Revenues

Program revenues decreased by \$418,000 due to increased water sales of \$17,000, an increase in sewer sales of \$62,000, an increase in sanitation sales of \$3,000 and a \$500,000 decrease in donated fixed assets.

Expenses

Expenses increased by approximately \$16,000.

Prior Period Adjustment

Capital assets were understated by \$481,000 during 2013. Net position previously reported was \$2,709,000. Net position as restated during 2014 is \$3,190,000. Additional information on the prior period adjustment can be found in the notes to the financial statements.

**Budgetary Highlights**

The Town did not revise its budget for the General Fund during the year ended July 31, 2014. Actual revenues in the General Fund were higher than budgeted revenues by approximately \$320,000, primarily due to municipal court and amusement revenues. Actual General Fund expenditures were higher than budgeted amounts by approximately \$24,000, primarily due to capital improvements expenditures.

**TOWN OF WOODSBORO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2014**

**Capital Assets**

At July 31, 2014 the Town had \$3,812,000 invested in capital assets, including police, fire equipment, park and recreation facilities, buildings, roads, and water and sewer lines. This amount represents a net increase (additions, deletions, and depreciation) of \$47,000 or 1.2% more than last year.

**Town of Woodsboro, Texas  
Capital Assets  
July 31, 2014  
With Comparative Totals for July 31, 2013  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>		<b>Amount Change</b>	<b>% Change</b>
	<u>July 31, 2014</u>	<u>July 31, 2013</u>	<u>July 31, 2014</u>	<u>July 31, 2013</u>	<u>July 31, 2014</u>	<u>July 31, 2013</u>		
Construction in progress	\$ -	\$ 14	\$ -	\$ -	\$ -	\$ 14	\$ (14)	100.0%
Land	82	82	-	-	82	82	-	0.0%
Buildings and improvements	81	53	-	-	81	53	28	52.8%
Machinery and equipment	431	416	5,054	4,926	5,485	5,342	143	2.7%
Streets	120	68	-	-	120	68	52	76.5%
Subtotal	714	633	5,054	4,926	5,768	5,559	209	3.8%
Accumulated depreciation	(437)	(408)	(1,519)	(1,386)	(1,956)	(1,794)	(162)	9.0%
Capital assets, net	<u>\$ 277</u>	<u>\$ 225</u>	<u>\$ 3,535</u>	<u>\$ 3,540</u>	<u>\$ 3,812</u>	<u>\$ 3,765</u>	<u>\$ 47</u>	1.2%

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**TOWN OF WOODSBORO, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
July 31, 2014**

**Debt Administration**

At year-end, the Town had \$1,062,000 in certificates of obligation and capital leases outstanding versus \$1,105,000 last year. The Town paid \$43,000 in principal reductions.

**Town of Woodsboro, Texas  
Debt Outstanding  
July 31, 2014  
With Comparative Totals for July 31, 2013  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>		<b>Amount Change</b>	<b>% Change</b>
	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013	July 31, 2014	July 31, 2013		
Capital leases	\$ -	\$ -	\$ 18	\$ 34	\$ 18	\$ 34	\$ (16)	-47.1%
Certificates of obligation	-	-	1,044	1,071	1,044	1,071	(27)	-2.5%
Total bonds and notes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,062</u>	<u>\$ 1,105</u>	<u>\$ 1,062</u>	<u>\$ 1,105</u>	<u>\$ (43)</u>	-3.9%

More detailed information on the Town's long-term liabilities is presented in the notes to the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

- Anticipate that the Town's effective tax rate will approximate the 2014 rate of 0.7396/\$100 valuation.
- Anticipate the Town's water and sewer rates will be studied to ensure that rates keep up with expenses and inflation.
- Will continue to replace old steel water lines with plastic lines, using money out of the new line replacement fund.
- Will continue to fund the street maintenance/improvement fund account funded by various sources.
- The budget for the fiscal year ending July 31, 2015 will be as follows:

FUND	REVENUE	EXPENDITURE/ EXPENSES
General Fund	\$729,700	\$729,700
Enterprise Fund - Water	\$401,247	\$401,247
Enterprise Fund - Sewer	\$235,400	\$235,400
Enterprise Fund - Sanitation	\$183,398	\$183,398

**Financial Contact**

The Town's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about the report or need additional financial information, please contact the City Secretary at 121 N. Wood Avenue, Woodsboro, Texas 78393.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF NET POSITION**  
**July 31, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 689,598	\$ 379,731	\$ 1,069,329
Receivables			
Sales tax	7,933		7,933
Service accounts		93,994	93,994
Franchise tax	13,372		13,372
Ad valorem taxes	60,107		60,107
Grants	263,562		263,562
Prepaid expenses	15,270		15,270
Inventory	678	75,149	75,827
Committed cash		257,774	257,774
Restricted cash	35,752	160,513	196,265
Capital assets			
Property, plant and equipment	714,375	5,053,671	5,768,046
Less: accumulated depreciation	(437,497)	(1,518,957)	(1,956,454)
Total assets	<u>1,363,150</u>	<u>4,501,875</u>	<u>5,865,025</u>
<b>LIABILITIES</b>			
Accounts payable	275,864	18,817	294,681
Accrued interest		19,289	19,289
Accrued vacation	4,465		4,465
Customer deposits payable		51,347	51,347
Noncurrent liabilities:			
Note payable - due within one year		17,574	17,574
Bonds payable - due within one year		32,000	32,000
Bonds payable - due in more than one year		1,012,000	1,012,000
Total liabilities	<u>280,329</u>	<u>1,151,027</u>	<u>1,431,356</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	276,878	2,473,140	2,750,018
Restricted for:			
Law enforcement	27,621		27,621
Bond payments		160,513	160,513
Unrestricted	778,322	717,195	1,495,517
Total net position	<u>\$ 1,082,821</u>	<u>\$ 3,350,848</u>	<u>\$ 4,433,669</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended July 31, 2014**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Primary Government	
				Governmental Activities	Business-type Activities
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 374,254	\$ 518,677	\$ 5,278	\$ 149,701	\$ -
Public safety/ municipal court	59,968	62,865		2,897	
Streets	71,246			(71,246)	
Animal control	16,859			(16,859)	
Recreation	11,367			(11,367)	
Total governmental activities	<u>533,694</u>	<u>581,542</u>	<u>5,278</u>	<u>53,126</u>	<u>-</u>
Business-type activities:					
Water and sewer	608,142	635,036	-		26,894
Sanitation	145,458	159,696			14,238
Total business-type activities	<u>753,600</u>	<u>794,732</u>	<u>-</u>	<u>-</u>	<u>41,132</u>
Total primary government	<u>\$ 1,287,294</u>	<u>\$ 1,376,274</u>	<u>\$ 5,278</u>	<u>53,126</u>	<u>94,258</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes				247,414	247,414
Franchise taxes				65,980	65,980
Sales taxes				86,489	86,489
Transfers				(117,708)	117,708
Interest income				1,391	1,277
Total general revenues and transfers				<u>283,566</u>	<u>118,985</u>
Change in net position				<u>336,692</u>	<u>160,117</u>
Net position - beginning, as restated				<u>746,129</u>	<u>3,190,731</u>
Net position - ending				<u>\$ 1,082,821</u>	<u>\$ 3,350,848</u>
					<u>\$ 4,433,669</u>

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**TOWN OF WOODSBORO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
July 31, 2014**

	<b>General Fund</b>	<b>Police Department Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash - unrestricted	\$ 689,598	\$ -	\$ 689,598
Receivables:			
Sales tax	7,933		7,933
Franchise tax	13,372		13,372
Ad valorem taxes	60,107		60,107
Grants	263,562		263,562
Restricted cash	8,131	27,621	35,752
Prepaid expenses	15,270		15,270
Inventory	678		678
	<u>678</u>	<u>27,621</u>	<u>678</u>
Total assets	<u>\$ 1,058,651</u>	<u>\$ 27,621</u>	<u>\$ 1,086,272</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 275,864	\$ -	\$ 275,864
Accrued vacation	4,465		4,465
Total liabilities	<u>280,329</u>	<u>-</u>	<u>280,329</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	56,946	-	56,946
Unavailable revenue - amusement fees	159,208		159,208
Total unavailable revenue	<u>216,154</u>	<u>-</u>	<u>216,154</u>
Fund balances:			
Non-spendable	15,948		15,948
Restricted	8,131	27,621	35,752
Committed	465,799		465,799
Unassigned	72,290		72,290
Total fund balances	<u>562,168</u>	<u>27,621</u>	<u>589,789</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,058,651</u>	<u>\$ 27,621</u>	<u>\$ 1,086,272</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
July 31, 2014**

Total governmental fund balances (page 12)	\$ 589,789
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.	276,878
Other assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	<u>216,154</u>
Net position of governmental activities	<u><u>\$ 1,082,821</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended July 31, 2014**

	<u>General Fund</u>	<u>Police Department Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes:			
Ad valorem taxes, penalty and interest	\$ 248,676	\$ -	\$ 248,676
City sales tax	86,489		86,489
Franchise taxes	65,980		65,980
Licenses, permits and fees	382,108		382,108
Fines	62,865		62,865
Interest income	1,357	34	1,391
Intergovernmental - grant revenue	5,278		5,278
Miscellaneous	25,278		25,278
Total revenues	<u>878,031</u>	<u>34</u>	<u>878,065</u>
<b>EXPENDITURES</b>			
Current:			
General government	369,809		369,809
Public safety	34,298	1,500	35,798
Streets	58,578		58,578
Animal control	16,859		16,859
Municipal court	13,795		13,795
Parks	9,779		9,779
Capital outlay	79,088	1,450	80,538
Total expenditures	<u>582,206</u>	<u>2,950</u>	<u>585,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>295,825</u>	<u>(2,916)</u>	<u>292,909</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	7,747	-	7,747
Transfers out	<u>(125,455)</u>	<u>-</u>	<u>(125,455)</u>
Total other financing sources (uses)	<u>(117,708)</u>	<u>-</u>	<u>(117,708)</u>
Net change in fund balances	178,117	(2,916)	175,201
Fund balances - beginning	<u>384,051</u>	<u>30,537</u>	<u>414,588</u>
Fund balances - ending	<u>\$ 562,168</u>	<u>\$ 27,621</u>	<u>\$ 589,789</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended July 31, 2014**

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

Net change in fund balances - total governmental funds (page 14)	\$ 175,201
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	80,538
Depreciation expense on capital assets reported in the government-wide statement of activities and changes in net assets, does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(29,076)
Some property taxes will not be collected for several months after the Town's fiscal year end, and are not considered "available" revenues in the governmental funds.	(1,262)
Some amusement fees will not be recognized until after the Town's fiscal year end, and are not considered "available" revenues in the governmental funds.	111,291
Change in net assets of governmental activities	<u>\$ 336,692</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**July 31, 2014**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water, Sewer and Sanitation Fund</b>	<b>Total Enterprise Fund</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 379,731	\$ 379,731
Accounts receivable - customers	93,994	93,994
Inventory	75,149	75,149
Total current assets	<u>548,874</u>	<u>548,874</u>
Noncurrent assets		
Committed cash	257,774	257,774
Restricted cash	160,513	160,513
Capital assets		
Property, plant and equipment	5,053,671	5,053,671
Less: accumulated depreciation	<u>(1,518,957)</u>	<u>(1,518,957)</u>
Total noncurrent assets	<u>3,953,001</u>	<u>3,953,001</u>
Total assets	<u>4,501,875</u>	<u>4,501,875</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	18,817	18,817
Accrued interest	19,289	19,289
Customer deposits payable	51,347	51,347
Note payable - current portion	17,574	17,574
Bonds payable - current portion	32,000	32,000
Total current liabilities	<u>139,027</u>	<u>139,027</u>
Noncurrent liabilities		
Bonds payable	<u>1,012,000</u>	<u>1,012,000</u>
Total noncurrent liabilities	<u>1,012,000</u>	<u>1,012,000</u>
Total liabilities	<u>1,151,027</u>	<u>1,151,027</u>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,473,140	2,473,140
Restricted for bond payments	160,513	160,513
Unrestricted	717,195	717,195
Total net position	<u>\$ 3,350,848</u>	<u>\$ 3,350,848</u>

The notes to the financial statements are an integral part of this statement.



**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**PROPRIETARY FUND**  
**For the Year Ended July 31, 2014**

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Water, Sewer, and Sanitation Fund</b>	<b>Total Enterprise Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services:		
Water sales	\$ 331,138	\$ 331,138
Sewer	273,144	273,144
Sanitation	159,696	159,696
Late charges	14,171	14,171
Reconnect fees	3,830	3,830
Transfer and other fees	7,958	7,958
Miscellaneous	4,795	4,795
Total operating revenues	<u>794,732</u>	<u>794,732</u>
<b>OPERATING EXPENSES</b>		
Salaries	131,189	131,189
Sanitation charges	145,458	145,458
Repairs and maintenance	18,040	18,040
Materials, asphalt and caliche	64,226	64,226
Truck expenses	14,415	14,415
Sewer plant	20,985	20,985
Postage, office supplies and fees	44,788	44,788
Professional fees	26,295	26,295
Fire protection	12,500	12,500
Insurance	28,318	28,318
Utilities and telephone	49,181	49,181
Uniforms	4,082	4,082
Payroll taxes	9,964	9,964
Depreciation	136,352	136,352
Retirement	1,569	1,569
Total operating expenses	<u>707,362</u>	<u>707,362</u>
Operating income	<u>87,370</u>	<u>87,370</u>
<b>NON OPERATING REVENUES (EXPENSES)</b>		
Interest income	1,277	1,277
Interest expense	(46,238)	(46,238)
Total non operating revenues (expenses)	<u>(44,961)</u>	<u>(44,961)</u>
Income before transfers	42,409	42,409
Transfers in	125,455	125,455
Transfers out	(7,747)	(7,747)
Change in net position	<u>160,117</u>	<u>160,117</u>
Net position, beginning, as restated	<u>3,190,731</u>	<u>3,190,731</u>
Net position, ending	<u>\$ 3,350,848</u>	<u>\$ 3,350,848</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year Ended July 31, 2014**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 800,397
Cash paid to suppliers for goods and services	(371,984)
Cash paid to employees for services	<u>(133,666)</u>
Net cash provided (used) by operating activities	<u>294,747</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfer from other funds	125,455
Transfer to other funds	<u>(7,747)</u>
Net cash provided (used) by noncapital financing activities	<u>117,708</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of fixed assets	(131,209)
Principal payments on note payable	(16,102)
Principal payments on USDA Series 2000, 2000A and 2008 certificates of obligation	(27,000)
Interest paid	<u>(46,238)</u>
Net cash provided (used) by capital and related financing activities	<u>(220,549)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>1,277</u>
Net cash provided (used) by investing activities	<u>1,277</u>

<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	193,183
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>604,835</u>
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 798,018</u></u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (CONTINUED)  
For the Year Ended July 31, 2014**

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED  
(USED) BY OPERATING ACTIVITIES**

Operating income	<u>\$ 87,370</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	136,352
(Increase) decrease in accounts receivable	3,520
Increase (decrease) in allowance account	2,145
(Increase) decrease in prepaid fire protection	12,500
(Increase) decrease in inventory	59,344
Increase (decrease) in accounts payable	(6,816)
Increase (decrease) in accrued interest payable	(597)
Increase (decrease) in accrued vacation payable	(908)
Increase (decrease) in accrued liabilities	10
Increase (decrease) in meter deposits payable	<u>1,827</u>
Total adjustments	<u>207,377</u>
Net cash provided (used) by operating activities	<u><u>\$ 294,747</u></u>

**RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	\$ 379,731
Committed cash and cash equivalents	257,774
Restricted cash and cash equivalents	<u>160,513</u>
Total cash and cash equivalents	<u><u>\$ 798,018</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Woodsboro, Texas (Town) was incorporated in 1928 and provides the following services: general government, public safety/municipal court, streets, animal control, recreation, and water, sewer and sanitation services.

**Basis of Accounting/Measurement Focus**

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflow of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*, and by the Financial Accounting Standards Board (when applicable). As allowed in GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the Town has elected not to apply to its proprietary activities Financial Accounting Standards Board Statements and interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the Town are described below.

**A. Government-Wide Financial Statements**

The Town Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the Town accompanied by a total column.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Town are reported in two categories: 1) charges for services, 2) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government-Wide financial statements. The Town has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The following are the Town's Governmental Fund types:

General Fund

The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

**C. Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary funds are accounted for using the “economic resources measurement focus and the accrual basis of accounting.” Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Net Position presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Town reports the following major proprietary fund.

Water, Sewer and Sanitation

The Water, Sewer, and Sanitation Fund accounts for the activities necessary to provide water, wastewater and sanitation services to the residents of the Town. These activities include administration, water and wastewater system operations and maintenance, collection of waste, new construction, financing and related debt service.

**D. Budget**

The Town Council follows these procedures in establishing the Town budget:

1. Thirty to sixty days prior to the beginning of each fiscal year, the department supervisors submit to the Town Council a proposed budget for the fiscal year beginning on the following fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which comments concerning the budget are heard.
3. The budget is legally enacted by the Town Council prior to the beginning of the fiscal year.
4. The City Secretary is authorized to transfer budgeted amounts between the departments within any fund, however any revisions that alter the total expenditures of any fund must be approved by the Town Council. The budget was not amended during this fiscal year.

**E. Inventory**

The General and Enterprise Funds inventory are valued at actual cost. Material and supplies, which constitute the bulk of the inventory, are charged to expense when used. Inventory on hand at the balance sheet date is appropriately adjusted and recorded as a current asset in the General and Enterprise Funds.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Vacation and Sick Leave**

Vacation is accumulated after the first year of employment and can be used thereafter. Employees shall receive one week of vacation time after one year of employment; two weeks of vacation time two to fourteen years of employment and three weeks of vacation time fifteen years and over. Earned vacation time must be used by December 15 of each year; however, the Town will reimburse employees for a maximum of five unused vacation days accrued during the current year. The Town allows employees twelve sick days each calendar year. Up to thirty-six days of sick leave can be accumulated. Employees can sell back up to five days of sick leave each year. Sick leave is paid only upon illness while in the employment of the Town. Employees leaving the services of the Town shall not be paid for accumulated sick leave.

**G. Restricted Resources**

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**H. Classification of Fund Balances and Net Assets**

In accordance with *Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions*, the Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Council.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Net position had been restricted for USDA and TWDB bond payments.

**I. Property Tax**

Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent February 1 and attach as an enforceable lien on the property as of July 1 of the following year. The Refugio County Tax Assessor Collector bills and collects taxes for the Town. Property taxes not collected within 60 days are deemed not to be material to the financial statements, so no allowance for doubtful accounts has been established.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Property Tax (Continued)**

The Town reports deferred inflow of resources on its General Fund balance sheet. Deferred inflow of resources arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred inflow of resources also arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred inflow of resources is removed from the combined balance sheet and revenue is recognized.

During the year ended July 31, 2014, the Town levied an ad valorem tax for maintenance and operations at a rate of .7352 per \$100 of assessed value. A total tax levy of \$246,307 resulted, based on a net taxable valuation of \$33,502,000 for the 2013 tax year.

**J. Capital Assets**

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	10 – 40 years
Equipment	5 – 10 years
Other improvements	7 – 15 years
Streets	10 years
Software	3 – 5 years
Vehicles	5 – 20 years
Water and sewer assets	5 – 50 years

**K. Excess of Expenditures over Revenues in Governmental Funds**

An excess of \$2,916 of expenditures over revenues occurred in the Police Department Fund in the year ended July 31, 2014.

**L. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and in banks. The Town also considers all highly liquid investments with maturity of twelve months or less when purchased to be cash equivalents. Carrying values of cash and cash equivalents approximate fair value due to the short-term nature of the instruments.

**M. Restricted Assets**

Certain resources of the Town have been set aside in the Enterprise Fund and General Fund for bond requirements, infrastructure and equipment repair or replacement, and law enforcement. These resources are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants or other restrictions.



**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

**N. Risk Management**

The Town is exposed to various risks of loss due to torts, theft of, damage to and destruction of assets, errors and omissions, the health of and injuries to employees and natural disasters. The Town uses commercial insurance to manage these risks. Claims have not exceeded its insurance coverage.

**O. Deferred Inflows of Resources**

In addition to liabilities, the balance sheet 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and amusement fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**NOTE 2: CASH**

The Town maintains cash that is available for use by all funds, except as restricted. Each fund types' portion of these monies is displayed on the fund balance sheets with the description of "cash" under each fund's caption.

**Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of July 31, 2014, the Town's bank balance was \$1,558,028 and \$48,351 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. \$1,509,677 of the bank balance was covered by federal depository insurance and collateral with a fair market value of \$1,009,677, held in safekeeping at Independent Bankers Bank for First National Bank of Woodsboro in the Town's name at year-end.

The Town, by State law, can invest its fund in the following:

1. Obligations of the United States or its agencies and instrumentality's;
2. Direct obligations of the State of Texas or its agencies;
3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States;
4. Obligations of states, agencies, counties, cities, and other political subdivision of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.
5. Certificates of deposit issued by the state and national banks domiciled in this state that are;
  - a. guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or
  - b. secured by obligations of paragraphs 1 – 4 above and that have a market value of not less than the principal amount of certificates.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 3: CHANGES IN CAPITAL ASSETS**

	Primary Government		
	Beginning Balance	Increases	Decreases
			Ending Balance
Governmental activities:			
Capital assets not being depreciated			
Land	\$ 82,341	\$ -	\$ -
Construction in progress	14,378	-	14,378
Total capital assets not being depreciated	96,719	-	14,378
Other capital assets			
Buildings and improvements	52,597	28,219	80,816
Machinery and equipment	416,275	14,829	431,104
Streets	68,246	51,868	120,114
Total other capital assets at historical cost	537,118	94,916	-
Less accumulated depreciation for:			
Buildings and improvements	(37,598)	(2,663)	(40,261)
Machinery and equipment	(342,586)	(21,207)	(363,793)
Streets	(28,237)	(5,206)	(33,443)
Total accumulated depreciation	(408,421)	(29,076)	-
Other capital assets, net	128,697	65,840	-
Governmental activities capital assets, net	\$ 225,416	\$ 65,840	\$ 14,378
Business-type activities:			
Capital assets not being depreciated			
Land	\$ -	\$ -	\$ -
Construction in progress	-	-	-
Total capital assets not being depreciated	-	-	-
Other capital assets			
Buildings and improvements	-	-	-
Machinery and equipment	4,925,961	131,209	(3,499)
Total other capital assets at historical cost	4,925,961	131,209	(3,499)
Less accumulated depreciation for:			
Buildings and improvements	-	-	-
Machinery and equipment	(1,386,104)	(136,352)	3,499
Total accumulated depreciation	(1,386,104)	(136,352)	3,499
Other capital assets, net	3,539,857	(5,143)	-
Business-type activities capital assets, net	\$ 3,539,857	\$ (5,143)	\$ -

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 3: CHANGES IN CAPITAL ASSETS (Concluded)**

Depreciation expense was charged to functions as follows:

	<u>Amount</u>
Governmental activities	
General government	\$ 4,445
Public safety	10,375
Streets	12,668
Parks	1,588
Total governmental activities depreciation expense	<u>\$ 29,076</u>
Business-type activities	
Water and sewer	<u>\$ 136,352</u>
Total business-type activities depreciation expense	<u>\$ 136,352</u>

**NOTE 4: LONG-TERM DEBT**

**A. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended July 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities					
Capital lease - equipment	\$ 33,676	\$ -	\$ (16,102)	\$ 17,574	\$ 17,574
Certificates of obligation:					
Series 2000	480,000		(10,000)	470,000	10,000
Series 2000A	116,000		(2,000)	114,000	2,000
Series 2008	475,000		(15,000)	460,000	20,000
Total business-type activities	<u>1,104,676</u>	<u>-</u>	<u>(43,102)</u>	<u>1,061,574</u>	<u>49,574</u>
Total long-term liabilities	<u>\$ 1,104,676</u>	<u>\$ -</u>	<u>\$ (43,102)</u>	<u>\$ 1,061,574</u>	<u>\$ 49,574</u>

The interest paid for business-type activities was \$3,081 for the capital lease and \$43,157 for bonds for the year ended July 31, 2014 and is charged to interest expense in the water, sewer and sanitation funds.

**B. Capital Lease Obligations – Business-type Activities**

Purchase of Equipment

On February 20, 2012, the Town of Woodsboro entered into a three-year lease agreement with Government Vehicle Leasing Company to finance the acquisition of equipment. The asset and liability under the capital lease have been recorded at the fair value of the asset, which is equal to the present value of the minimum lease payments at the inception of the lease. The total cost of the asset and the amount financed was \$67,610 with a fixed interest rate of 9.15%. The final lease payment is due on March 28, 2015.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 4: LONG-TERM DEBT (Continued)**

**B. Capital Lease Obligations – Business-type Activities (Concluded)**

Annual requirements to retire the capital lease – equipment through Government Vehicle Leasing Company are as follows:

Year Ended July 31,	Principal	Interest	Total Requirements
2015	\$ 17,574	\$ 1,608	\$ 19,182
	<u>\$ 17,574</u>	<u>\$ 1,608</u>	<u>\$ 19,182</u>

**C. Certificates of Obligation – Business-type Activities**

During the fiscal year ended June 30, 2001, the Town of Woodsboro, Texas authorized the issuance of \$573,000, Series 2000, and \$137,000, Series 2000A, Combination Tax and Combined Waterworks and Sanitary Sewer System Revenue Certificates of Obligation and \$213,000 in grant proceeds for funding of water and wastewater improvements through an agreement with USDA Rural Development. This agreement resulted in \$923,000 in total loan and grant proceeds being committed for these improvements. As of June 30, 2002, all Certificates of Obligation for Series 2000 and Series 2000A were issued. Interest on the Certificates of Obligation is payable March 1 and September 1. Principal payments are due annually on March 1 and continue until March 1, 2040. The interest rate is fixed at 4.50% per annum.

The bond ordinance contains provisions which require that the Town maintain an operating or revenue fund, an interest and sinking fund, a reserve fund, and a repair and replacement fund. The operating fund is to be used for collection of revenues and for payment of day to day expenses for operation and maintenance of the system. The interest and sinking fund is to be used for payment of principal and interest on the bonds. The reserve fund is to be used for payment of principal and interest on the bonds when there are not sufficient funds in the interest and sinking fund. The repair and replacement fund is to be used to pay the cost of any repairs or extensions to the system when no other funds are available. Also, the repair and replacement fund is to be used for payment of principal and interest on the bonds when there are not sufficient funds in the interest and sinking fund or the reserve fund.

During the year ended July 31, 2008, the Town of Woodsboro, Texas authorized the issuance of \$525,000, Texas Water Development Board Series 2008, Combination Tax and Combined Waterworks and Sanitary Sewer System Revenue Certificates of Obligation for the Drinking Water State Revolving Fund Project #61273. The purpose of the loan is to fund the Town's matching part of a grant for funding of a ground storage water tank through an agreement with Texas Water Development Board to bring the water system into compliance with State and Federal regulations. The total \$520,000 Certificates were issued prior to the July 31, 2013 fiscal year. Interest on the Certificates of Obligation is payable March 1 and September 1. Principal payments are due annually on March 1 and continue until March 1, 2028. The interest rate is variable with an average rate of 3.658% per annum.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 4: LONG-TERM DEBT (Continued)**

**C. Certificates of Obligation – Business-type Activities (Continued)**

As of July 31, 2014, the interest and sinking fund, reserve fund, and repair and replacement fund had all been properly established by the Town. The Town is not in compliance with all covenants of the bond ordinance at July 31, 2014. The annual budget for repayment of Certificates of Obligation and pledged revenue requirements for the TWDB Series 2008 were not in compliance at July 31, 2014.

Annual requirements to retire the USDA 2000 Series Certificates of Obligation are as follows:

Year Ended July 31,	Principal	Interest	Total Requirements
2015	\$ 10,000	\$ 21,150	\$ 31,150
2016	10,000	20,700	30,700
2017	11,000	20,250	31,250
2018	11,000	19,755	30,755
2019	12,000	19,260	31,260
2020	12,000	18,720	30,720
2021	13,000	18,180	31,180
2022	13,000	17,595	30,595
2023	14,000	17,010	31,010
2024	15,000	16,380	31,380
2025	15,000	15,705	30,705
2026	16,000	15,030	31,030
2027	17,000	14,310	31,310
2028	18,000	13,545	31,545
2029	18,000	12,735	30,735
2030	19,000	11,925	30,925
2031	20,000	11,070	31,070
2032	21,000	10,170	31,170
2033	22,000	9,225	31,225
2034	23,000	8,235	31,235
2035	24,000	7,200	31,200
2036	25,000	6,120	31,120
2037	26,000	4,995	30,995
2038	27,000	3,825	30,825
2039	28,000	2,610	30,610
2040	30,000	1,350	31,350
	<u>\$ 470,000</u>	<u>\$ 337,050</u>	<u>\$ 807,050</u>

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 4: LONG-TERM DEBT (Continued)**

**C. Certificates of Obligation – Business-type Activities (Continued)**

Annual requirements to retire the USDA 2000A Series Certificates of Obligation are as follows:

<u>July 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2015	\$ 2,000	\$ 5,130	\$ 7,130
2016	2,000	5,040	7,040
2017	3,000	4,950	7,950
2018	3,000	4,815	7,815
2019	3,000	4,680	7,680
2020	3,000	4,545	7,545
2021	3,000	4,410	7,410
2022	3,000	4,275	7,275
2023	3,000	4,140	7,140
2024	4,000	4,005	8,005
2025	4,000	3,825	7,825
2026	4,000	3,645	7,645
2027	4,000	3,465	7,465
2028	4,000	3,285	7,285
2029	4,000	3,105	7,105
2030	5,000	2,925	7,925
2031	5,000	2,700	7,700
2032	5,000	2,475	7,475
2033	5,000	2,250	7,250
2034	6,000	2,025	8,025
2035	6,000	1,755	7,755
2036	6,000	1,485	7,485
2037	6,000	1,215	7,215
2038	7,000	945	7,945
2039	7,000	630	7,630
2040	7,000	315	7,315
	<u>\$ 114,000</u>	<u>\$ 82,035</u>	<u>\$ 196,035</u>

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 4: LONG-TERM DEBT (Concluded)**

**C. Certificates of Obligation – Business-type Activities (Concluded)**

Annual requirements to retire the TWDB 2008 Series Certificates of Obligation are as follows:

Year Ended July 31,	Principal	Interest	Total Requirements
2015	\$ 20,000	\$ 16,545	\$ 36,545
2016	25,000	15,995	40,995
2017	30,000	15,270	45,270
2018	30,000	14,355	44,355
2019	30,000	13,410	43,410
2020	30,000	12,405	42,405
2021	35,000	11,355	46,355
2022	35,000	10,095	45,095
2023	35,000	8,800	43,800
2024	35,000	7,487	42,487
2025	40,000	6,140	46,140
2026	40,000	4,580	44,580
2027	40,000	3,000	43,000
2028	35,000	1,400	36,400
	<u>\$ 460,000</u>	<u>\$ 140,837</u>	<u>\$ 600,837</u>

**D. Five Year Schedules**

Annual debt service requirements to maturity for all long-term debt is as follows:

Business-Type Activities

Year Ended July 31,	Principal	Interest	Total Requirements
2015	\$ 49,574	\$ 44,433	\$ 94,007
2016	37,000	41,735	78,735
2017	44,000	40,470	84,470
2018	44,000	38,925	82,925
2019	45,000	37,350	82,350
2020-2024	253,000	159,402	412,402
2025-2029	259,000	103,770	362,770
2030-2034	131,000	63,000	194,000
2035-2039	162,000	30,780	192,780
2040	37,000	1,665	38,665
	<u>\$ 1,061,574</u>	<u>\$ 561,530</u>	<u>\$ 1,623,104</u>

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 5: PENSION PLAN**

**Plan Description**

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

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

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

	Plan Year 2013	Plan Year 2014
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	1 to 1	1 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/25	60/5, 0/25
Updated Service Credit	100% Repeating	100% Repeating
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contributions**

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).



**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 5: PENSION PLAN (Continued)**

The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	\$17,048
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	17,048
5. Contributions Made	(17,048)
6. Increase (decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	\$ 0

**Three Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2011	\$12,452	\$12,452	100%	\$0
2012	\$16,810	\$16,810	100%	\$0
2013	\$17,048	\$17,048	100%	\$0

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

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	24.8 years - closed period	25.1 years - closed period	25.0 years - closed period
Amortization Period for New Gains/Losses	25 years	25 years	25 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 5: PENSION PLAN (Continued)**

**Funded Status and Funding Progress**

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	\$544,034	\$374,893	145.1%	\$(169,141)	\$342,409	(49.4)%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Supplemental Death Benefits Fund**

The Town 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 Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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

Your town offers supplemental death to:	Plan Year 2013	Plan Year 2014
Active employees	Yes	Yes
Retirees	Yes	Yes

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 5: PENSION PLAN (Concluded)**

The Town contributes to the SDBF at a contractually required 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 retirees' term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$725, \$1,440, and \$875, respectively, which equaled the required contributions each year.

**Schedule of Contribution Rates:**

**(RETIREE-only portion of the rate)**

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2011	0.08%	0.08%	100.0%
2012	0.09%	0.09%	100.0%
2013	0.10%	0.10%	100.0%

**NOTE 6: INDIVIDUAL FUND DISCLOSURES**

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." There are no interfund receivables or payables as of July 31, 2014.

**NOTE 7: SPECIAL REVENUE FUND - CONFISCATED FUNDS**

A local agreement was made and entered into by and between the Town of Woodsboro Police Department and the District Attorney of the 24th Judicial District of Texas for Refugio County, Texas in accordance with Article 59.06 of Chapter 59 of the Texas Code of Criminal Procedure regarding the effect of the disposition of contraband forfeited to the State of Texas.

In consideration for the services associated with the forfeiture of contraband, the Town of Woodsboro Police Department agrees that forty percent of all money forfeited and forty percent of the final sum received from the sale of real estate shall be retained by the prosecuting attorney to be used for the official purposes of the office. The prosecuting attorney is further entitled to forty percent of the final sum received from the sale of vehicles seized. If the vehicle is retained by the Police Department, the Police Department agrees to pay the prosecuting attorney forty percent of the vehicle's suggested "Blue Book" value.

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 7: SPECIAL REVENUE FUND - CONFISCATED FUNDS (Concluded)**

The prosecuting attorney agrees that remaining contraband, after retention of the above stated portion for the prosecuting attorney, will be retained by the Town of Woodsboro Police Department for the law enforcement purposes.

In the event that the office of the prosecuting attorney, or any other law enforcement agency is required to expend significant time and effort in pre-seizure planning of a seizure and/or arrest, the case will be developed as a joint investigation with the percentage apportioned between the parties commensurate with the time and effort required by each of said parties, and an addendum to the agreement will be executed by the parties as it pertains to the particular seizure and/or arrest.

This agreement will apply to money or property seized and forfeited to the Town of Woodsboro Police Department on or after January 1, 2008. Money and property will be considered forfeited to the State once a judgment of forfeiture has become final, and no motion for new trial or notice of appeal has been taken. Payments to the prosecuting attorney will be made quarterly based on a calendar year. The prosecuting attorney will also be paid interest earned on each quarterly payment from the date of forfeiture until the end of the quarter. All costs of court proceedings will be paid by the Town of Woodsboro Police Department including the cost of titles searched and title policies issued.

The term of this agreement is for a period of one year from January 1, 2008. The agreement will automatically be renewed on a yearly basis after the initial one year term. The agreement may be terminated by either party upon thirty days prior written notice thereof to the other of its intention to terminate upon the date specified in such notice. Any pending forfeitures under this agreement filed prior to the termination date, however, will not be affected by such notices.

**NOTE 8: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Interfund transfers for the year ended July 31, 2014 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 7,747	\$ (125,455)
Enterprise Fund	125,455	(7,747)
Total transfers	<u>\$ 133,202</u>	<u>\$ (133,202)</u>

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 9: FUND BALANCES**

The non-spendable fund balance is comprised of the following:

- Amount reported in non-spendable form - inventory: \$678
- Amount not in cash form - prepaid expenses: \$15,270

The Government committed the following fund balance types by taking the following action:

<u>Committed Purpose</u>	<u>Amount</u>	<u>Action</u>
Future city hall	\$368,381	Town Council to ratify commitment
Street maintenance	\$ 97,418	Town Council to ratify commitment

The Town uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned* amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Police Department	Fines

A schedule of fund balances is provided below:

	<u>General Fund</u>	<u>Police Department Fund</u>	<u>Total Governmental Funds</u>
<b>FUND BALANCES:</b>			
Non-spendable:			
Inventory	\$ 678	\$ -	\$ 678
Prepaid expenses	15,270		15,270
Restricted for:			
Law enforcement purposes		27,621	27,621
Municipal court building security	6,004		6,004
Municipal court technical fund	2,127		2,127
Committed to:			
Future city hall	368,381		368,381
Street maintenance	97,418		97,418
Unassigned	72,290		72,290
Total fund balances	<u>\$ 562,168</u>	<u>\$ 27,621</u>	<u>\$ 589,789</u>

**TOWN OF WOODSBORO, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended July 31, 2014**

**NOTE 10: FEDERAL AND STATE AWARDS**

On July 3, 2013, the Town of Woodsboro, Texas entered into a grant agreement with the Texas Department of Housing Community Affairs to participate in the Home Investment Partnership Program. The contract period for this grant agreement is July 3, 2013 through July 10, 2015. As of July 31, 2014, there has been no activity associated with this grant.

**NOTE 11: PRIOR PERIOD ADJUSTMENT**

In the year ended July 31, 2013 the Town received capital assets from Refugio County in the amount of \$500,000. Refugio County received a grant from Texas Department of Agriculture to replace waterlines on four streets, replace a 200,000 gallon ground storage tank and for repairs on the water treatment plant. In the current year ended July 31, 2014, the error was discovered and a prior period adjustment was recorded to correct the error. The effect on the net position of the Proprietary Activities is shown below:

Net position, July 31, 2013, as previously stated	\$ 2,709,788
Net adjustments:	
Prior period increases in capital assets	<u>480,943</u>
Net position, July 31, 2014, as restated	<u><u>\$ 3,190,731</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WOODSBORO, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended July 31, 2014**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 258,500	\$ 248,676	\$ (9,824)
Sales tax revenue	85,000	86,489	1,489
Franchise fees	65,000	65,980	980
Municipal court	48,725	62,865	14,140
Intergovernmental - grant revenue	-	5,278	5,278
Animal control	300	375	75
Future City Hall	7,350	-	(7,350)
Christmas in the Square	1,200	3,540	2,340
Permits and licenses	450	3,661	3,211
Amusement permits	70,000	378,072	308,072
Interest income	-	1,357	1,357
Miscellaneous	21,500	21,738	238
Total revenues	<u>558,025</u>	<u>878,031</u>	<u>320,006</u>
<b>EXPENDITURES</b>			
Salaries	244,115	254,336	(10,221)
Insurance	47,600	41,441	6,159
Vehicle services	24,200	12,499	11,701
Town Square	8,650	7,328	1,322
Street materials	34,000	17,196	16,804
Supplies	14,650	12,121	2,529
Rent	2,200	2,200	-
Utilities	29,200	41,382	(12,182)
Training	3,150	1,141	2,009
Professional fees	13,300	13,550	(250)
Capital outlay	8,500	79,088	(70,588)
Municipal court	26,635	13,795	12,840
Animal control	16,719	16,859	(140)
Fire protection	30,000	17,500	12,500
Miscellaneous expense	55,106	51,770	3,336
Total expenditures	<u>558,025</u>	<u>582,206</u>	<u>(24,181)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>295,825</u>	<u>\$ 295,825</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in		7,747	
Transfers out		(125,455)	
Total other financing sources (uses)		<u>(117,708)</u>	
Net change in fund balances		178,117	
Fund balances - beginning		384,051	
Fund balances - ending		<u>\$ 562,168</u>	



**TOWN OF WOODSBORO, TEXAS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
SCHEDULE OF FUNDING PROGRESS (unaudited)  
For the Year Ended July 31, 2014**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$489,442	\$445,513	109.9%	(\$ 43,929)	\$284,187	(15.5%)
12/31/2012	\$512,342	\$440,410	116.3%	(\$ 71,932)	\$285,253	(25.2%)
12/31/2013	\$544,034	\$374,893	145.1%	(\$169,141)	\$342,409	(49.4%)

**TOWN OF WOODSBORO, TEXAS**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended July 31, 2014**

**NOTE 1: BUDGETS**

The budget for the Governmental Fund adopted during the fiscal year by the Town Council was prepared using the modified accrual basis of accounting in accordance with generally accepted accounting principles. The General Fund has a legally adopted budget. The Special Revenue Fund budgetary comparisons are not displayed because this budget was not legally adopted during the current fiscal year.

## INDIVIDUAL GRANT INFORMATION

**TOWN OF WOODSBORO, TEXAS**  
**GRANT REVENUE AND EXPENSE SCHEDULE**  
**For the Year Ended July 31, 2014**

Community Development Block Grant  
State Grantor: Texas Department of Agriculture  
Pass Through Grantor: Office of Community Planning & Development  
CFDA Number: 14.228  
Contract Number: 712094  
Contract Period: September 15, 2012 to September 14, 2014

	Budget	Prior Year	Current Year	Total
<b>Revenue:</b>				
Federal/State	\$ 47,265	\$ -	\$ -	\$ -
Local match	4,727	-	-	-
Total revenue	51,992	-	-	-
<b>Expenses:</b>				
Federal/State				
Certifications, presentations, reports and publications	750	-	-	-
Base mapping and studies	8,610	-	-	-
Water system	5,565	-	-	-
Wastewater system	5,565	-	-	-
Street and road system	3,255	-	-	-
Storm drainage system	5,565	-	-	-
Park, recreation and open space	2,415	-	-	-
Economic development	3,255	-	-	-
Thoroughfare study	1,680	-	-	-
Central business district	3,570	-	-	-
Capital improvements plan	2,415	-	-	-
Subdivision ordinance	2,310	-	-	-
Zoning ordinance	2,310	-	-	-
Local match				
Base mapping and studies	4,727	-	-	-
Total expenses	51,992	-	-	-
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -

**TOWN OF WOODSBORO, TEXAS  
GRANT REVENUE AND EXPENSE SCHEDULE  
For the Year Ended July 31, 2014**

Operation Stonegarden Grant Program  
Federal Grantor: Department of Homeland Security  
Pass Through Grantor: State of Texas Governor's Division of Emergency Management  
CFDA Number: 97.067  
Contract Number: EMW-2012-SS-00018  
Contract Period: September 1, 2012 to February 28, 2014

	Original Budget	Prior Year	Current Year	Total
<b>Revenue:</b>				
Federal/State	\$ 8,833	\$ -	\$ 5,278	\$ 5,278
Total revenue	8,833	-	5,278	5,278
<b>Expenses:</b>				
Federal/State				
Overtime/fringe benefits	7,239	-	4,984	4,984
Reimbursement for mileage	1,594	-	294	294
Total expenses	8,833	-	5,278	5,278
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -

**TOWN OF WOODSBORO, TEXAS**  
**GRANT REVENUE AND EXPENSE SCHEDULE**  
**For the Year Ended July 31, 2014**

Hazard Mitigation Grant Program  
Federal Grantor: U. S. Department of Homeland Security  
Pass Through Grantor: Texas Department of Public Safety  
Sub-Recipient: Woodsboro Independent School District  
CFDA Number: 97.039  
Contract Number: FEMA-DR-1791 Project #61  
Contract Period: December 17, 2009 to December 17, 2011

	Original Budget	Final Amended Budget	Prior Year	Current Year	Total
<b>Revenue:</b>					
Federal/State	\$ 1,485,278	\$2,038,164	\$ 1,831,784	\$ -	\$ 1,831,784
Local match	495,093	525,000	525,000	-	525,000
Total revenue	1,980,371	2,563,164	2,356,784	-	2,356,784
<b>Expenses:</b>					
Federal/State					
Woodsboro ISD	1,485,278	2,038,164	1,831,784	-	1,831,784
Local match					
Woodsboro ISD	495,093	525,000	525,000	-	525,000
Total expenses	1,980,371	2,563,164	2,356,784	-	2,356,784
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

**TOWN OF WOODSBORO, TEXAS  
GRANT REVENUE AND EXPENSE SCHEDULE  
For the Year Ended July 31, 2014**

Energy Efficiency and Conservation Block Grant  
SECO Stimulus American Recovery and Reinvestment Act  
Federal Grantor: U.S. Department of Energy  
CFDA Number: 81.128  
DOE Award Number: DE-EE0000893  
Sub-Award Number: 4757MM  
Contract Period: May 20, 2010 to June 30, 2012

	Budget	Prior Year	Current Year	Total
<b>Revenue:</b>				
Federal/State	\$ 23,030	\$ 22,730	\$ -	\$ 22,730
Local match	-	-	-	-
Total revenue	23,030	22,730	-	22,730
<b>Expenses:</b>				
Federal/State				
Consultant	1,500	1,500	-	1,500
Subcontractor	21,530	21,230	-	21,230
Local match				
General administrative	-	-	-	-
Total expenses	23,030	22,730	-	22,730
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -

**TOWN OF WOODSBORO, TEXAS  
GRANT REVENUE AND EXPENSE SCHEDULE  
For the Year Ended July 31, 2014**

Operation Stonegarden Grant Program  
Federal Grantor: Department of Homeland Security, FEMA Grant Programs Directorate  
Pass Through Grantor: Texas Department of Public Safety  
CFDA Number: 97.067  
Contract Number: EMW-2013-SS-00045  
Contract Period: September 1, 2013 to February 28, 2015

	Original Budget	Prior Year	Current Year	Total
<b>Revenue:</b>				
Federal/State	\$ 54,499	\$ -	\$ -	\$ -
Total revenue	54,499	-	-	-
<b>Expenses:</b>				
Federal/State				
Overtime amount	13,635	-	-	-
Fringe amount	1,909	-	-	-
Mileage amount	3,955	-	-	-
Vehicle purchases	35,000	-	-	-
Total expenses	54,499	-	-	-
Excess revenue over expenditures	\$ -	\$ -	\$ -	\$ -