

# **CITY OF BEEVILLE, TEXAS**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2013**



CITY OF BEEVILLE, TEXAS  
AUDITED FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2013

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# **INTRODUCTORY SECTION**







400 N. Washington St., Beeville, Texas 78102 361-358-4641

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November 19, 2014

The Honorable Mayor, Members of the City Council, and Citizens of the City of Beeville, Texas

State law requires that every general-purpose local government publish at the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended September 30, 2013.

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

To the best of our knowledge and belief, the enclosed audited financial statements are organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds.

Collier, Johnson & Woods, P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Beeville, Texas (City) 's financial statements for the year ended September 30, 2013. The independent auditor's report is located at the front of the financial section of this report.

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

## **PROFILE OF THE GOVERNMENT**

The City of Beeville is the largest city and the county seat of Bee County. Located in Bee County, Beeville is 46 miles from Corpus Christi and about 88 miles south of San Antonio. The City encompasses approximately 6.1 square miles of land within the City's corporate boundary. The U. S. Census Bureau has projected Beeville's population estimate to be 13,290 as of July 1, 2013. This is a 3% increase over the latest complete census survey in 2010.

Beeville was incorporated as a town in 1890, but the incorporation was dissolved the following year. In 1900, the population was 2,311. Beeville was reincorporated as a town in 1908. The City

## CITY OF BEEVILLE, TEXAS

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operates under a Home-Rule Charter, which was adopted October 5, 1951.

The City Council consists of the Mayor, Mayor Pro Tempore and three Council Members elected for a two year term. Currently there are no term limitations. The Mayor and Mayor Pro Tempore are elected by the City Council by majority vote. The City is divided into five separate and distinct geographic wards. Council members do not have to live in the Wards they represent. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and appointing the City Manager, City Secretary, Deputy City Secretary, Municipal Court Judge and Deputy Clerk. The City Manager is the chief administrative and executive officer of the City and is responsible for the efficient administration of all the affairs of the City. The City Manager appoints all employees with the exception of those appointed by the City Council, prepares and submits the annual budget and keeps the City Council advised of the financial condition and future needs of the City.

The City provides a full range of services, including a combined utility system consisting of water, and wastewater systems; police protection, streets, cultural and recreation services, public improvements, planning and zoning and general administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. Fire protection is provided by a volunteer fire department. Water and sewer rates are established under a Proprietary Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses, payments on outstanding debt and reserves.

The City is financially accountable for the Beeville Economic Development Corporation (BEIC), Beeville Water Supply District (BWSO) and the Tax Increment Financing District (TIF). The BEIC is a nonprofit corporation that provides financing of economic development objectives and infrastructure improvements. Revenues are provided with funds derived from a percentage of sales tax revenue. The Beeville Water Supply District was created to construct an intake facility, water treatment plant, and a pipeline to transport water from Lake Corpus Christi to Beeville. They set their own tax rate to cover their debt service payments for utility system improvements. The Tax Increment Financing District (TIF) was created for the purpose of qualifying for tax increment financing of special improvement projects in a special defined district. Revenues are derived from ad valorem tax revenues of district property owners. These entities have their own separate boards and are presented as blended component units. Additional information on these separate entities can be found in the notes to the financial statements.

The City Manager must submit a proposed budget to the City Council at least sixty days prior to the beginning of the fiscal year, and the City Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund and department (e.g., general fund - police department). Department Heads may transfer resources within their department as they see fit. However, transfers between funds and departments, need approval from the City Council as amendments to the original budget.

# CITY OF BEEVILLE, TEXAS

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## ECONOMIC OUTLOOK

### *Local Economy*

Beeville is in a strategic location for the major oil and gas boom of Eagle Ford Shale oil fields that are being drilled and developed in this area with expectations of continuation for 10 to 15 years. Geologists have located a huge deposit of crude oil in the northern part of the Eagle Ford resulting in oil and gas operations coming in from all over the world. With Beeville being the largest city in the middle of Eagle Ford, increased activity is expected to be felt in all walks of life. Building and construction permits continue at a high level and sales tax revenue continued to increase in fiscal 2013.

### *Employment*

The leading industries in Beeville are educational, health and social services at 20%, public administration 18% and retail trade 10%. Since the City of Beeville is geographically located outside of the epicenter of the Eagle Ford Shale boom, many of our residents work in that petroleum production play, but the jobs are located outside of the City's jurisdiction. As a result, employment remains higher than the national average.

Beeville had an unemployment rate of 6.4% as of September 2013, and dropped to 5.4% as of September 2014, which compares to the national average of 6.0% and the Texas average of 5.0%. The unemployment rate is expected to remain low as oil companies continue to hire local residents and local businesses sales remain strong, requiring additional workers to meet the increased demand on goods and services.

### *Acknowledgments*

The preparation of this report is possible only because of the dedication of the staff members in the Finance Department. Special thanks must be given to John Shepherd and Pamela De La Pena with Collier Johnson and Woods, P.C. who patiently worked with city staff in providing guidance and support in conducting the audit and producing the Audited Financial Statements.

Credit must also be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Beeville and making strides in adopting financial policies and standards to which it subscribes.

Respectfully submitted,

Jack Hamlett  
City Manager



## *List of Principal Officials*

### **ELECTED OFFICIALS**

David Carabajal .....	Mayor
Florette “Libby” Spires .....	Mayor Pro-Tem
Jimmy Martinez .....	Council Member
George “Trace” P. Morrill III .....	Council Member
John Fulghum .....	Council Member

### **APPOINTED OFFICIALS**

Vacant .....	City Manager
Barbara Trevino .....	City Secretary
Frank Warner .....	City Attorney
Joe Salinas .....	Municipal Court Judge
Elie Gonzales-DeLeon .....	Municipal Court Clerk

### **DEPARTMENT HEADS**

Joe Trevino Chief of Police	Albert Vilches Development Svc. Director	Caron Vela Finance Director
Albert Bridge, Jr. Public Works Superintendent	Fred Diaz Parks & Recreation Assistant Superintendent	Cesario Vela Utility Operations Superintendent
Wayne Shaffer Wastewater Superintendent	Mary Helen Suniga Utility Cashier Superintendent	Donnie Morris Fire Chief
Michael Lentz Water Superintendent	Michelle Wright Main Street Program Director	

# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

November 19, 2014

The Honorable Mayor and  
Members of the City Council  
City of Beeville, Texas

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beeville, Texas as of and for the year ended September 30, 2013, and the related notes to 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 of 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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Beeville, Texas as of September 30, 2013, 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 on pages 3 through 9 and the analyses of funding progress on page 45 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 made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

*Collier, Johnson & Woods*



**CITY OF BEEVILLE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

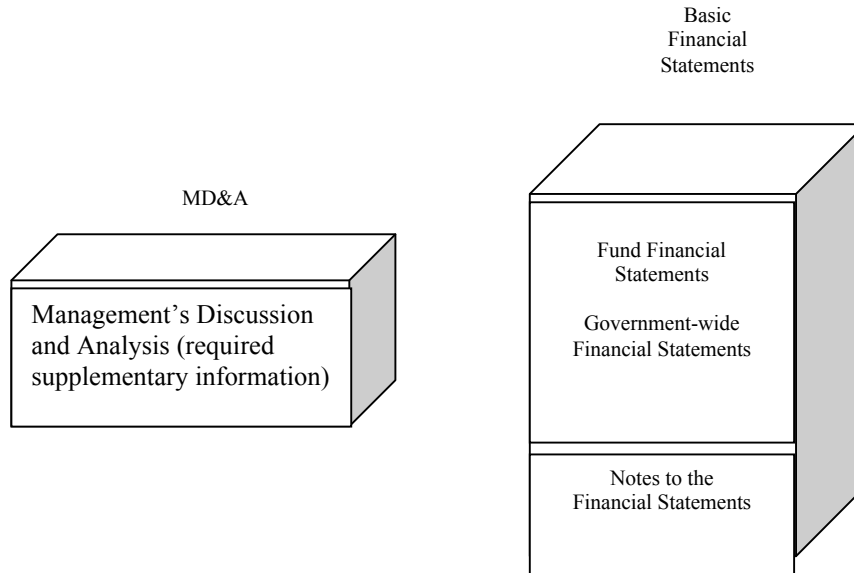
As management of the City of Beeville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities and financial position of the City for the fiscal year ended September 30, 2013. In the broadest context, the financial well being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets and the City's desirability will be maintained not just for the current year but well into the future. Financial reporting is limited in its ability to provide this "big picture" but rather focuses on financial position and changes in financial position. In other words, are revenues and or expenses/expenditures higher or lower than the previous year? Have net assets (containing both short and long term assets and liabilities) or fund balances (the current "spendable" assets less current liabilities) of the government been maintained?

**IN BRIEF**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$28,259,461 (net position). This number must be viewed in the context that the vast majority of the City's net position of \$17,116,604 (60.6%) are invested in capital assets, net of related debt, and that most capital assets in government do not directly generate revenue nor can they be sold to generate liquid capital. Those net positions restricted for specific purposes total \$3,500,715 (12.4%). The remaining \$7,642,142 (27%) are unrestricted net positions and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. Unrestricted net position increased by \$1,414,543 fiscal year 2013.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,770,605. Within this total \$4,082,169 is restricted by specific legal requirements, such as by enabling legislation and \$1,091,973 has been committed to specific types of expenditures. The remaining \$1,596,463 is unassigned fund balance in the general fund and can be used for any lawful purpose.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic is provided to facilitate the reader's understanding of the format of the Basic Financial Statements and their individual components:



This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis and multi-year funding progress on the City's pension plan and retiree health plan. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government and administration, public safety, development services, and cultural and recreation. The business-type activities of the City include Water and Sewer operations. The government-wide financial statements can be found on pages 11-13 of this report.

**Fund financial statements** - A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into two categories governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental land, buildings and equipment, and long-term liabilities such as bonds payable or long term liabilities that will not be paid with current assets are excluded. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The City maintains 11 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Economic Improvement Corporation General Fund which are considered to be major funds. Data from the other 9 funds are combined into a single, aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements elsewhere in the Financial Report. The basic governmental funds financial statements can be found on pages 14-21.

**Proprietary Funds** - The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund and the Beeville Water Supply District (BWSD), which is a blended component unit, since they are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-45.

**Other Information** – In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees. The required supplementary information can be found on page 46.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position and especially net position by category may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$28,259,461 as of September 30, 2013.

The largest portion of the City's net position \$17,116,604 (60.6%) reflects its investments in capital assets (e.g., land, building, equipment, improvements and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net positions \$3,500,715 (12.4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position \$7,642,142 (27%) may be used to meet the government's ongoing obligations to citizens and creditors.

### SUMMARY OF NET POSITIONS (Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	7,562,634	6,294,354	4,882,914	4,368,965	12,445,548	10,663,319
Capital Assets, Net	8,902,803	8,360,733	17,613,091	17,873,849	26,515,894	26,234,582
Total Assets	<u>16,465,437</u>	<u>14,655,087</u>	<u>22,496,005</u>	<u>22,242,814</u>	<u>38,961,442</u>	<u>36,897,901</u>
Long-Term Liabilities	5,022,979	4,444,101	2,467,369	3,288,283	7,490,348	7,732,384
Other Liabilities	1,434,402	1,131,563	1,753,787	1,654,785	3,188,189	2,786,348
Total Liabilities	<u>6,457,381</u>	<u>5,575,664</u>	<u>4,221,156</u>	<u>4,943,068</u>	<u>10,678,537</u>	<u>10,518,732</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	2,510,620	2,510,620	14,605,984	14,677,003	17,116,604	17,187,623
Restricted	3,500,715	2,963,947	--	--	3,500,715	2,963,947
Unrestricted	3,996,721	3,604,856	3,668,866	2,622,743	7,665,587	6,227,599
Total Net Position	<u>10,008,056</u>	<u>9,079,423</u>	<u>18,274,850</u>	<u>17,299,746</u>	<u>28,282,906</u>	<u>26,379,169</u>

As of September 30, 2013, the City has positive balances in all three categories of net positions, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Revenues were up 13.2% mainly from a 15.1% increase garbage and sanitation charges for service, 18% increase in property tax and 5.3% increase in sales tax. Expenses increased by 20.1% mainly from a 36.6% increase in general government, a 22.1% increase in garbage and sanitation and 11.7% increase water and sewer.

The following table provides a summary of the City's operations for year ended September 30, 2013 with comparative totals for the year ended September 30, 2012.

**STATEMENT OF ACTIVITIES**  
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Fees, Fines and Charges for Services	4,239,173	3,416,118	6,882,421	6,235,392	11,121,594	9,651,510
Operating Grants and Contributions	7,238	21,104	--	--	7,238	21,104
Capital Grants and Contributions	--	129,672	369,194	41,916	369,194	171,588
General Revenue						
Property Taxes	2,356,593	2,136,385	773,213	516,025	3,129,806	2,652,410
Sales Taxes	4,380,811	4,161,435	--	--	4,380,811	4,161,435
Alcoholic Beverage Tax	28,570	27,526	--	--	28,570	27,526
Hotel Occupancy Taxes	621,171	685,738	--	--	621,171	685,738
Investment Earnings	6,459	5,927	2,469	1,932	8,928	7,859
Total Revenues	11,640,015	10,583,905	8,027,297	6,795,265	19,667,312	17,379,170
Expenses						
General Government	1,962,394	1,527,378	--	--	1,962,394	1,527,378
Fire and Ambulance Enforcement	1,178,459	641,320	--	--	1,178,459	641,320
Culture and Recreation	2,498,252	2,024,739	--	--	2,498,252	2,024,739
Garbage and Sanitation Streets	1,450,489	903,923	--	--	1,450,489	903,923
Economic Development	2,009,335	1,645,244	--	--	2,009,335	1,645,244
Visitor Development	1,218,661	1,353,234	--	--	1,218,661	1,353,234
Water and Sewer	118,157	27,290	--	--	118,157	27,290
Interest	297,278	384,832	--	--	297,278	384,832
Total Expenses	10,944,366	8,693,694	6,819,209	6,113,389	17,763,575	14,807,083
Change in Net Position before Transfers	695,649	1,890,211	1,208,088	681,876	1,903,737	2,572,087
Transfers	232,984	(199,281)	(232,984)	199,281	--	--
Change in Net Position	928,633	1,690,930	975,104	881,157	1,903,737	2,572,087
Beginning Net Position	9,079,423	7,388,493	17,299,746	16,418,589	26,379,169	23,807,082
	10,008,056	9,079,423	18,274,850	17,299,746	28,282,906	26,379,169

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Governmental funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,770,605. Within this total, \$4,082,169 is restricted by specific legal requirements, such as by enabling legislation such as hotel occupancy tax, and \$1,091,973 has been committed and assigned to specific types of expenditures. The remaining \$1,596,463 is unassigned fund balance in the General Fund and can be used for any lawful purpose. The unassigned fund balance increased by \$215,573 during the year.

**Proprietary funds** - The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the respective enterprise funds are \$3,022,305 for Utility Fund and \$646,561 for the Beeville Water Supply District (BWSD) Fund. Change in unrestricted net assets for enterprise funds in 2013 were a \$919,704 increase in the Utility Fund and a \$119,395 increase in the BWSD Fund.

## CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$26,515,894 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery, equipment, vehicles, infrastructure and construction in progress. Governmental activity capital assets increased by \$191,910 as a result of \$2,524,368 offset by \$1,982,567 of depreciation. Business-type activity capital assets decrease by \$280,758 as a result of \$728,778 additions less \$989,535 of depreciation.

Major capital asset events during the current fiscal year included the following:

- Completion of Morrill Waste Water Treatment Plant \$2,367,618
- Completion of Jones Road Project \$79,918
- Completion of Park and Recreation Football Field Improvement \$270,242
- Street Seal Coating \$305,432
- Pierce Ariel Fire Truck \$976,000
- Radio Tower \$139,500

Additional information on the City's capital assets can be found in Note 4 of the financial statements.

**CAPITAL ASSETS AT YEAR-END, NET OF ACCUMULATED DEPRECIATION**  
(Amounts in Thousands)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Land	719,552	719,552	155,301	155,301	874,853	874,853
Building and Improvements	5,181,689	5,271,911	--	--	5,181,689	5,271,911
Machinery and Equipment	960,911	876,603	17,457,790	15,793,703	18,418,701	16,670,306
Vehicles	941,765	495,907	--	--	941,765	495,907
Infrastructure	1,098,886	646,599	--	--	1,098,886	646,599
Construction in Progress	--	350,161	--	1,924,845	--	2,275,006
	<b>8,902,803</b>	<b>8,360,733</b>	<b>17,613,091</b>	<b>17,873,849</b>	<b>26,515,894</b>	<b>26,234,582</b>

**DEBT ADMINISTRATION**

At the end of the current fiscal year, the City had a total bonded debt of \$8,912,504. Of this amount, \$2,205,000 are general obligation bond and certificates of obligation backed by the full faith and credit of the government, and \$4,929,000 of revenue bonds secured solely by tax revenues and \$1,775,732 in capital leases. Additional information on the City's long-term debt can be found in Note 5 of the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The proposed budget totals \$19,199,576 of expenditures of which \$10,679,062 is the General Fund. It reflects our best efforts to address the challenges, issues, concerns, and priorities identified by the City Council, city staff and citizens. The budget for 2013-2014 has a deficit of \$416,072 for the General Fund which will come from fund balance.

The budget projects ad valorem collections to bring in \$2,273,016 to the General Fund. The taxable value for 2013 is \$4,339,475 and the effective rate is .5290.





**CITY OF BEEVILLE, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS- TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 2)	6,636,824	3,925,506	10,562,330
Receivables, Net of Allowance for Uncollectible (Note 3)	1,000,457	715,874	1,716,331
Internal Balances	(147,792)	147,792	--
Bond Issue Costs	56,725	86,719	143,444
Net Pension Asset	16,420	7,023	23,443
Land and Construction in Progress (Note 4)	719,552	155,301	874,853
Other Capital Assets, Net of Accumulated Depreciation (Note 4)	8,183,251	17,457,790	25,641,041
Total Assets	<u>16,465,437</u>	<u>22,496,005</u>	<u>38,961,442</u>
<b>LIABILITIES</b>			
Accounts Payable	444,928	189,398	634,326
Contractor's Retainage	-	159,382	159,382
Accrued Expenses	66,136	27,195	93,331
Accrued Interest	17,852	10,859	28,711
Self Insurance Liability	23,274	--	23,274
Liabilities to Claimants - Escheat Property	8,909	--	8,909
Deposits	--	244,925	244,925
Current Portion of Long-Term Liabilities (Note 5)			
Accumulated Compensated Absences	68,692	143,847	212,539
Long-Term Debt	804,611	978,180	1,782,791
Long-Term Liabilities, Excluding Current Portion (Note 5)			
Accumulated Compensated Absences	360,635	--	360,635
Long-Term Debt	4,662,344	2,467,369	7,129,713
Total Liabilities	<u>6,457,381</u>	<u>4,221,155</u>	<u>10,678,536</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	2,510,620	14,605,984	17,116,604
Restricted for			
Street Maintenance	496,415	--	496,415
Visitor Promotion	403,841	--	403,841
Downtown Improvements	357,984	--	357,984
Technology Improvements	7,669	--	7,669
Building Security	11,614	--	11,614
Economic Development	2,223,192	--	2,223,192
Unrestricted	3,996,721	3,668,866	7,665,587
TOTAL NET POSITION	<u>10,008,056</u>	<u>18,274,850</u>	<u>28,282,906</u>

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

**CITY OF BEEVILLE, TEXAS**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		
		FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities				
General Government	1,962,394	1,161,115	138	--
Fire and Ambulance	1,178,459	210,894	--	--
Enforcement	2,498,252	431,504	7,100	--
Culture and Recreation	1,450,489	135,194	--	--
Garbage and Sanitation	2,009,335	2,300,466	--	--
Streets	1,218,661	--	--	--
Economic Development	118,157	--	--	--
Visitor Promotion	297,278	--	--	--
Interest on Long-Term Debt	211,341	--	--	--
Total Governmental Activities	10,944,366	4,239,173	7,238	--
Business-Type Activities				
Water and Sewer	6,819,209	6,882,421	--	369,194
Total Government	17,763,575	11,121,594	7,238	369,194

General Revenues  
Property Taxes, Levied for General Purposes  
Property Taxes, Levied for Debt Service  
Sales Taxes  
Alcoholic Beverage Tax  
Hotel Occupancy Taxes  
Unrestricted Investment Earnings  
Transfers  
    Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

NET POSITION AT END OF YEAR

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

Exhibit 2

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
(801,141)	--	(801,141)
(967,565)	--	(967,565)
(2,059,648)	--	(2,059,648)
(1,315,295)	--	(1,315,295)
291,131	--	291,131
(1,218,661)	--	(1,218,661)
(118,157)	--	(118,157)
(297,278)	--	(297,278)
(211,341)	--	(211,341)
(6,697,955)	--	(6,697,955)
--	432,406	432,406
(6,697,955)	432,406	(6,265,549)
1,857,421	--	1,857,421
499,172	773,213	1,272,385
4,380,811	--	4,380,811
28,570	--	28,570
621,171	--	621,171
6,459	2,469	8,928
232,984	(232,984)	--
7,626,588	542,698	8,169,286
928,633	975,104	1,903,737
9,079,423	17,299,746	26,379,169
10,008,056	18,274,850	28,282,906

**CITY OF BEEVILLE, TEXAS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
SEPTEMBER 30, 2013**

<b>ASSETS</b>	<b>GENERAL FUND</b>	<b>ECONOMIC DEVELOPMENT FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
Cash and Cash Equivalents (Note 2)	2,585,144	2,143,447	1,908,231	6,636,822
Receivables, Net of Allowance for Uncollectible (Note 3)	732,526	85,644	182,287	1,000,457
Due from Other Funds (Note 8)	25,403	236,340	29,530	291,273
<b>TOTAL ASSETS</b>	<b>3,343,073</b>	<b>2,465,431</b>	<b>2,120,048</b>	<b>7,928,552</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	354,088	19,177	71,662	444,927
Contractor's Retainage	--	--	--	--
Accrued Expenses	89,410	--	--	89,410
Liabilities to Claimants - Escheat Property	8,909	--	--	8,909
Due to Other Funds (Note 8)	420,090	--	18,976	439,066
Unearned Revenue	175,433	--	202	175,635
<b>Total Liabilities</b>	<b>1,047,930</b>	<b>19,177</b>	<b>90,840</b>	<b>1,157,947</b>
Fund Balance				
Restricted	--	2,446,254	1,635,915	4,082,169
Committed	698,680	--	393,293	1,091,973
Unassigned	1,596,463	--	--	1,596,463
<b>Total Fund Balance</b>	<b>2,295,143</b>	<b>2,446,254</b>	<b>2,029,208</b>	<b>6,770,605</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,343,073</b>	<b>2,465,431</b>	<b>2,120,048</b>	<b>7,928,552</b>

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

**CITY OF BEEVILLE, TEXAS  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013**

**Total Fund Balance - Total Governmental Funds** 6,770,605

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. The cost of assets in governmental activities and the accumulated depreciation are as follows:

Capital Assets	15,002,744	
Accumulated Depreciation	(6,099,941)	8,902,803

Ad valorem taxes received after 60 days of year-end are not considered available revenues and are deferred in the governmental funds	175,636
--	---------

Bond cost are capitalized and amortized and are expenditures in governmental funds	56,725
--	--------

Net pension asset is not recognized in governmental funds	16,420
---	--------

Some liabilities are not due and payable in the current period and therefore are not reported in funds. A detail of these liabilities follows:

Long-Term Debt	(5,466,955)	
Accumulated Compensated Absences	(429,327)	
Accrued interest	(17,852)	<u>(5,914,134)</u>

NET POSITION OF GOVERNMENTAL ACTIVITY	<u><u>10,008,055</u></u>
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The notes to the financial statements are an integral part of this statement.

**CITY OF BEEVILLE, TEXAS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**

	GENERAL FUND	ECONOMIC DEVELOPMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues</b>				
Taxes and Business Fees	5,383,468	1,095,066	1,616,010	8,094,544
Licenses and Permits	394,063	--	--	394,063
Charges for Services	2,789,041	--	--	2,789,041
Fines and Penalties	318,462	--	8,886	327,348
Interest on Investments	2,202	3,661	596	6,459
Other	77,569	--	8,891	86,460
Total Revenues	<u>8,964,805</u>	<u>1,098,727</u>	<u>1,634,383</u>	<u>11,697,915</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government	1,743,148	--	--	1,743,148
Fire and Ambulance	698,872	--	--	698,872
Enforcement	2,327,252	--	2,865	2,330,117
Culture and Recreation	928,544	--	--	928,544
Garbage and Sanitation	1,764,418	--	--	1,764,418
Streets	1,406,750	--	119,877	1,526,627
Economic Development	--	118,157	--	118,157
Visitor Promotion	--	--	301,596	301,596
<b>Debt Service</b>				
Principal Retirement	--	--	466,000	466,000
Interest	50,613	--	153,837	204,450
Paying Agent Fees	--	--	1,175	1,175
Capital Projects	1,757,323	235,797	305,433	2,298,553
Total Expenditures	<u>10,676,920</u>	<u>353,954</u>	<u>1,350,783</u>	<u>12,381,657</u>
Revenues Over (Under) Expenditures	(1,712,115)	744,773	283,600	(683,742)
<b>Other Financing Sources (Uses)</b>				
Capital Leases	1,609,703	--	--	1,609,703
Transfers In (Note 8)	430,548	--	419,598	850,146
Transfers Out (Note 8)	(112,564)	(449,598)	(55,000)	(617,162)
Total Other Financing Sources (Uses)	<u>1,927,687</u>	<u>(449,598)</u>	<u>364,598</u>	<u>1,842,687</u>
Net Change in Fund Balance	215,572	295,175	648,198	1,158,945
Fund Balance at Beginning of Year,	<u>2,079,571</u>	<u>2,151,079</u>	<u>1,381,010</u>	<u>5,611,660</u>
Fund Balance at End of Year	<u><u>2,295,143</u></u>	<u><u>2,446,254</u></u>	<u><u>2,029,208</u></u>	<u><u>6,770,605</u></u>

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

**CITY OF BEEVILLE, TEXAS**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUE,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

**Net Change in Fund Balances - Total Governmental Funds** 1,158,945

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays exceed depreciation as follows:

Capital Outlays	2,524,637	
Depreciation	(1,982,567)	542,070

Delinquent property taxes, net of allowance, are not reported in the governmental funds. This is the amount receivable decreased this year 973

Bond proceeds and capital leases provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Proceeds exceeded Repayments as follows

Capital Leases	(1,609,703)	
Principal Retirement	827,925	(781,778)

Compensated absences reported in the statement of net assets did not require the use of current financial resources, and therefore are not expenditures in governmental funds. This is the amount the accrued compensated balance decreased. (2,282)

Net pension asset reported in statement of net position did not add financial resources and therefore are not a reduction of expenditures in the governmental funds. 16,420

Accrued interest on long-term debt is reported in the statement of net position through the end of the year while only through the due date in governmental funds. Additionally, bond cost are amortized in the statement of changes in net position. This is the amount additional interest recorded. (5,714)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	928,634
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The notes to the financial statements are an integral part of this statement.

**CITY OF BEEVILLE, TEXAS  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>GAAP BASIS</u>
<b>Revenues</b>			
Taxes and Business Fees	5,935,873	5,967,910	5,383,468
Licenses and Permits	210,700	404,700	394,063
Charges for Services	2,498,260	2,498,260	2,789,041
Fines and Penalties	240,000	293,670	318,462
Interest on Investments	1,000	1,000	2,202
Other	15,000	18,000	77,569
Total Revenues	<u>8,900,833</u>	<u>9,183,540</u>	<u>8,964,805</u>
<b>Expenditures</b>			
<b>Current</b>			
General Government	1,800,338	1,980,735	2,042,727
Fire and Ambulance	750,988	750,988	1,674,872
Enforcement	2,450,842	2,456,296	2,646,430
Culture and Recreation	972,813	992,836	987,891
Garbage and Sanitation	1,696,859	1,774,871	1,764,418
Streets	1,420,025	1,420,025	1,509,969
<b>Debt Service</b>			
Interest	--	--	50,613
Total Expenditures	<u>9,091,865</u>	<u>9,375,751</u>	<u>10,676,920</u>
Revenues Over (Under) Expenditures	(191,032)	(192,211)	(1,712,115)
<b>Other Financing Sources (Uses)</b>			
Capital Leases	--	--	1,609,703
Transfers In (Note 8)	446,961	446,961	430,548
Transfers Out (Note 8)	(122,797)	(122,797)	(112,564)
Total Other Financing Sources (Uses)	<u>324,164</u>	<u>324,164</u>	<u>1,927,687</u>
Net Change in Fund Balance	133,132	131,953	215,572
Fund Balance at Beginning of Year	<u>2,079,571</u>	<u>2,079,571</u>	<u>2,079,571</u>
Fund Balance at End of Year	<u><u>2,212,703</u></u>	<u><u>2,211,524</u></u>	<u><u>2,295,143</u></u>

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



**Exhibit 5-A**

<b>ADJUSTMENTS BUDGET BASIS</b>	<b>ACTUAL BUDGET BASIS</b>	<b>VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)</b>
--	5,383,468	(584,442)
--	394,063	(10,637)
--	2,789,041	290,781
--	318,462	24,792
--	2,202	1,202
--	77,569	59,569
--	8,964,805	(218,735)
(92,383)	1,950,344	30,391
(948,574)	726,298	24,690
(281,448)	2,364,982	91,314
(54,654)	933,237	59,599
--	1,764,418	10,453
(182,031)	1,327,938	92,087
(50,613)	--	--
(1,609,703)	9,067,217	308,534
1,609,703	(102,412)	(89,799)
(1,609,703)	--	--
--	430,548	(16,413)
--	(112,564)	10,233
(1,609,703)	317,984	(6,180)
--	215,572	(83,619)
--	2,079,571	--
--	2,295,143	(83,619)



**CITY OF BEEVILLE, TEXAS  
ECONOMIC DEVELOPMENT GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2013**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues				
Sale Taxes	1,016,000	1,016,000	1,095,065	79,065
Fines and Penalties				
Interest on Investments	1,500	1,500	3,661	2,161
Total Revenues	<u>1,017,500</u>	<u>1,017,500</u>	<u>1,098,726</u>	<u>81,226</u>
Expenditures				
Current				
Economic Development				
Other Services and Charges	65,000	65,000	118,157	(53,157)
Capital Projects	503,302	503,302	235,797	267,505
Total Expenditures	<u>568,302</u>	<u>568,302</u>	<u>353,954</u>	<u>214,348</u>
Revenues Over (Under) Expenditures	449,198	449,198	744,772	(133,122)
Other Financing Sources (Uses)				
Transfers Out	(449,198)	(449,198)	(449,598)	(400)
Total Other Financing Sources (Uses)	<u>(449,198)</u>	<u>(449,198)</u>	<u>(449,598)</u>	<u>(400)</u>
Net Change in Fund Balance	--	--	295,174	(295,174)
Fund Balance at Beginning of Year	<u>2,151,080</u>	<u>2,151,080</u>	<u>2,151,080</u>	--
FUND BALANCE AT END OF YEAR	<u><u>2,151,080</u></u>	<u><u>2,151,080</u></u>	<u><u>2,446,254</u></u>	<u><u>(295,174)</u></u>

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

**CITY OF BEEVILLE, TEXAS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2013**

	<b>UTILITY FUND</b>	<b>BEEVILLE WATER SUPPLY DISTRICT</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents (Note 2)	2,750,437	1,175,069	3,925,506
Receivables, Net of Allowance for Uncollectible (Note 3)	660,049	55,825	715,874
Due from Other Funds (Note 8)	213,657	16	213,673
Total Current Assets	<u>3,624,143</u>	<u>1,230,910</u>	<u>4,855,053</u>
Bond Issue Cost	27,635	59,084	86,719
Net Pension Asset	7,023	--	7,023
Capital Assets (Note 5)			
Land	155,301	--	155,301
Machinery and Equipment	23,367,215	10,795,247	34,162,462
Accumulated Depreciation	<u>(11,817,364)</u>	<u>(4,887,308)</u>	<u>(16,704,672)</u>
Total Capital Assets	<u>11,705,152</u>	<u>5,907,939</u>	<u>17,613,091</u>
Total Assets	15,363,953	7,197,933	22,561,886
<b>LIABILITIES</b>			
Accounts Payable	189,382	16	189,398
Contractor Retainage Payable	--	159,382	159,382
Accrued Expenses	27,195	--	27,195
Accrued Interest	10,859	--	10,859
Due to Other Funds (Note 8)	20,288	45,593	65,881
Deposits	244,925	--	244,925
Current Portion of Long-Term Liabilities (Note 5)			
Accumulated Compensated Absences	143,847	--	143,847
Long-Term Debt	218,180	760,000	978,180
Total Current Liabilities	<u>854,676</u>	<u>964,991</u>	<u>1,819,667</u>
Long-Term Liabilities (Note 5)			
Long-Term Debt	<u>1,749,597</u>	<u>717,772</u>	<u>2,467,369</u>
Total Liabilities	<u>2,604,273</u>	<u>1,682,763</u>	<u>4,287,036</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Debt	9,737,375	4,868,609	14,605,984
Unrestricted	<u>3,022,305</u>	<u>646,561</u>	<u>3,668,866</u>
TOTAL NET POSITION	<u>12,759,680</u>	<u>5,515,170</u>	<u>18,274,850</u>

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

**CITY OF BEEVILLE, TEXAS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2013**

	<b>UTILITY FUND</b>	<b>BEEVILLE WATER SUPPLY DISTRICT</b>	<b>TOTAL</b>
Operating Revenues			
Water Sales	4,033,381	--	4,033,381
Sewer Sales	2,748,061	--	2,748,061
Other Revenues	100,979	--	100,979
Total Operating Revenues	<u>6,882,421</u>	<u>--</u>	<u>6,882,421</u>
Operating Expenses			
Administrative	326,302	35,829	362,131
Operations and Maintenance	1,909,263	--	1,909,263
Water Production	2,343,662	3,126	2,346,788
Wastewater Treatment	1,027,362	--	1,027,362
Depreciation	776,668	212,867	989,535
Total Operating Expenses	<u>6,383,257</u>	<u>251,822</u>	<u>6,635,079</u>
Operating Income (Loss)	499,164	(251,822)	247,342
Nonoperating Revenue (Expenses)			
Property Taxes	--	773,213	773,213
Interest on Investments	1,439	1,030	2,469
Grant Revenues	369,194	--	369,194
Interest Expense and Fiscal Charges	(97,139)	(86,991)	(184,130)
Other Revenues	--	--	--
Net Nonoperating Revenues (Expenses)	<u>273,494</u>	<u>687,252</u>	<u>960,746</u>
Income Before Transfers	772,658	435,430	1,208,088
Transfers In (Note 8)	112,564	225,840	338,404
Transfers Out (Note 8)	(571,388)	--	(571,388)
Total Operating Transfers	<u>(458,824)</u>	<u>225,840</u>	<u>(232,984)</u>
Net Income (Loss)	313,834	661,270	975,104
Net Position at Beginning of Year	<u>12,445,846</u>	<u>4,853,900</u>	<u>17,299,746</u>
NET POSITIONS END OF YEAR	<u><u>12,759,680</u></u>	<u><u>5,515,170</u></u>	<u><u>18,274,850</u></u>

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

**CITY OF BEEVILLE, TEXAS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2013**

	<b>UTILITY FUND</b>	<b>BEEVILLE WATER SUPPLY DISTRICT</b>	<b>TOTAL</b>
Cash Flows from Operating Activities			
Receipts from Customers	6,986,397	--	6,986,397
Taxes and Other Receipts	--	768,583	768,583
Payments to Suppliers	(4,030,006)	(34,116)	(4,064,122)
Payments to Employees	(1,688,078)	(4,837)	(1,692,915)
Net Cash Provided by Operating Activities	1,268,313	729,630	1,997,943
Cash Flows from Noncapital Financing Activities			
Transfers Out to Other Funds	(449,190)	225,840	(223,350)
Net Cash Provided by (Used for) Noncapital Financing Activities	(449,190)	225,840	(223,350)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(33,776)	(500,656)	(534,432)
Proceeds from Issuance of Revenue Bonds	--	67,971	67,971
Grants for Capital Improvements	369,194	--	369,194
Principal Paid on Long-term Debt	(142,447)	(740,000)	(882,447)
Interest Expense and Fiscal Charges	(94,205)	(92,435)	(186,640)
Net Cash Used for Capital and Related Financing Activities	98,766	(1,265,120)	(1,166,354)
Cash Flows from Investing Activities			
Interest on Investments	1,437	1,030	2,467
Increase (Decrease) in Cash and Cash Equivalents	919,326	(308,620)	610,706
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	1,831,111	1,483,689	3,314,800
Cash and Cash Equivalents at End of Year	2,750,437	1,175,069	3,925,506
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	499,164	(251,822)	247,342
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	776,668	212,867	989,535
Taxes and Other Income	--	773,215	773,215
Change In			
Receivables	40,801	(4,630)	36,171
Due to Other Funds	(13,396)	--	(13,396)
Net Pension Asset	(7,023)	--	(7,023)
Accounts Payable	(75,856)	--	(75,856)
Accrued Expenses	7,433	--	7,433
Compensated Absences	(22,653)	--	(22,653)
Customer Deposits	63,175	--	63,175
Net Cash Provided by Operating Activities	1,268,313	729,630	1,997,943
Noncash Investing, Capital and Financing Activities-			
Assets Acquired Through Capital Leases	206,794	--	206,794

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

CITY OF BEEVILLE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Beeville, Texas (the City) was incorporated in 1890 under the provisions of the laws for the State of Texas. The City operates under a Home-Rule Charter, which was adopted on October 5, 1951, and provides the following services, as authorized, by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administration services. Other services include utilities and airport operations. The City operates with a Council-Manager type of government, where the City Council is composed of members elected by single member districts. The City Council elects its mayor and mayor pro-tem after each annual city council election.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) 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 State and Local Governments - Audit and Accounting Guide and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply 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 City are described below.

**A. Reporting Entity**

In evaluating the City as a reporting entity for financial reporting purposes, management has considered all potential component units for which the City may be financially accountable and, as such, should be included within the City's financial statements. The City (primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Because of the closeness of their relationship with the primary government (the City), some component units are blended as though they are part of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government. The City has no discretely presented component units.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**B. Blended Component Unit**

The City of Beeville Texas Economic Improvement Corporation (EIC) was created by State law to provide financing for economic development objectives and infrastructure improvements. Revenues are provided primarily with funds derived from a .375% sales and use tax approved by the voters. The City Council appoints the board and has financial accountability. Although it is legally separate from the City, the EIC is reported as if it were part of the primary government because its primary purpose is to issue revenue bonds to finance major capital improvements on behalf of the City.

The Beeville Water Supply District (BWSD) was created to construct an intake facility, water treatment plant, and a pipeline to transport water from Lake Corpus Christi to Beeville, Texas. The members of the District's governing board are elected by the voters and the District levies taxes. However, although it is legally separate from the City, the BWSD is reported as if it were part of the primary government because the City is the sole customer of the District. Because the BWSD provides its services to the City's utility system (an enterprise fund) the government-wide financial statements of the BWSD are presented as a proprietary fund in the financial statements.

The Beeville Reinvestment Zone Number One (TIF) was created to utilize increased taxes derived from the increased valuation of an area of approximately 82 acres within the central area of the City which contains principal retail and commercial businesses. These taxes are used to generate additional economic stimulus to the area. The City Council appoints the board and has financial accountability. This entity is reported as a governmental fund in the City of Beeville financial statements.

**C. Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government and its component units. The effect of interfund activity, within the government and business-type activities columns, has been removed from these statements. However, any interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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



Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**D. Fund Financial Statements**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major government funds.

**General Fund** – The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

**Economic Development Fund** – The Economic Development Fund accounts for the revenues derived from the .375% sales and use tax approved by the voters. Expenditures include financing of economic development objectives and infrastructure improvements.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations on net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds.

**Utility Fund** – The Utility Fund accounts for operations of the City’s utilities. The utilities provide water and sewer services to the residents of the City.

**Beeville Water Supply District** – The Beeville Water Supply District includes an intake facility, water treatment plant and pipeline that provide water to the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operation. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**E. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

## Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. 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. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

When both restricted and unrestricted resources are available, it is the District’s policy to use restricted resources first, then unrestricted resources as needed.

### **F. Cash and Cash Equivalents**

Cash and cash equivalents include currency on hand, demand deposits with banks, amounts included in pooled cash and liquid investments with a maturity of three months or less when purchased.

### **G. Prepaid Items**

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year.

### **H. Interfund Receivables and Payables**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

### **I. Transactions Between Funds**

City Council approved transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Outlays for capital assets are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other capital assets begin depreciating when the asset is placed in service.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

<u>ASSETS</u>	<u>LIFE IN YEARS</u>
Buildings	10-50
Water and Sewer System	5-50
Infrastructure	10-50
Machinery and Equipment	3-10
Improvements	10-50
Vehicles	3-10

**K. Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accounted for using the termination payment method. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenditures are recorded in the governmental funds as employees resign or retire. Compensated absences liabilities are normally paid from the funds reporting payroll and related expenditures.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**L. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance cost, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**M. Pension Costs**

Pension costs are composed of normal costs and where applicable, amortization of unfunded actuarial accrued liability and unfunded prior service costs. Note 10 provides further detail.

**N. Nature and Purpose of Classifications of Fund Equity**

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction.

For the classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive first when more than one classification is available.

Net position restricted for revenue bond retirement in the Utility Fund and the BWSD reserves required by revenue bond covenants.

Note 1 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

**O. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**P. Use of Estimates**

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. Budgetary Control**

Annual budgets are adopted for General Fund, Economic Development Funds and Debt Service Fund.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year after which the City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 1.

Upon receipt of the budget estimates, the Council holds a public hearing on the proposed budget. Information about the Budget Ordinance is then published in the official newspaper of the City. At least ten days prior to October 1, the budget is legally enacted through passage of an ordinance. The City Manager is authorized to transfer budgeted amounts between line items within any department; however, any revisions that alter the total expenditures of any department or fund must be approved by the City Council.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were adopted.

The budgets are prepared on a basis consistent with generally accepted accounting principles, except that expenditures financed by capital leases are not included in the governmental fund budgets, principal and interest payments are included in the activity expenditure and unrealized investment gains and losses are not part of investment income. The detail of these differences is included in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund in the column titled "Adjustments to Budget Basis".

## R. RECENT ACCOUNTING PRONOUNCEMENTS

GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 2009 FASB and AICPA Pronouncements* incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or after November 30, 1989, which does not conflict with or contradict FASB pronouncements.

- Financial Accounting Standards Boards (FASB) statements and interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants committee on Accounting Procedures

GASB 62 was implemented in the year ended September 30, 2013, and did not have a significant impact on the City's financial statements.

GASB 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets.

GASB 63 was implemented in the year ended September 30, 2013 resulting in net assets have been renamed as net position.

### Note 2 – CASH AND INVESTMENTS

The Public Funds Investment Act (Texas Government Code Charter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. It requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas; 1) safety of principal and liquidity, 2) portfolio diversification, 3) allowable investments, 4) acceptable risk levels, 5) expected rates of return, 6) maximum allowable stated maturity of portfolio investments, 7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, 8) investment staff quality and capabilities, and 9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in; 1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

At September 30, 2013, the carrying amount of the City's cash deposits was \$9,465,758 and the bank balance was \$10,572,147. The City's bank balances at September 30, 2013 and during the period ended September 30, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

Note 2 – CASH AND INVESTMENTS - (Continuation)

As of September 30, 2013, the City had \$468,670 invested in Tex Pool. This investment is included in cash and cash equivalents because of its short-term maturity.

As of September 30, 2013, the City had \$627,902 invested in certificates of deposit. These investments are included in cash and cash equivalents because of their short-term maturity.

**Interest Rate Risk** – In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

**Credit Risk** – In accordance with state law and the City’s investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City’s investments in investment pools were rated AAA.

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

**Concentrations of Credit Risk** – The City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

Note 3 – RECEIVABLES

	<u>GENERAL</u>	<u>EIC</u>	<u>UTILITY</u>	<u>BWSD</u>	<u>OTHER NONMAJOR</u>	<u>TOTAL</u>
Accounts	173,153	--	665,299	--	--	838,452
Taxes	206,054	--	--	65,678	237	271,969
Intergovernmental	228,384	85,644	--	--	182,086	496,114
Third Party Administrator	155,556	--	--	--	--	155,556
Gross Receivables	<u>763,147</u>	<u>85,644</u>	<u>665,299</u>	<u>65,678</u>	<u>182,323</u>	<u>1,762,091</u>
Less Allowance for Uncollectible	<u>(30,621)</u>	<u>--</u>	<u>(5,250)</u>	<u>(9,852)</u>	<u>(36)</u>	<u>(45,760)</u>
Net Receivables	<u>732,526</u>	<u>85,644</u>	<u>660,049</u>	<u>55,826</u>	<u>182,287</u>	<u>1,716,331</u>

Note 4 – CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013 was as follows:

	BALANCE, OCTOBER 1, <u>2012</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	BALANCE, SEPTEMBER 30, 2013
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	719,552	--	--	719,552
Construction in Process	350,161	(350,161)	--	--
Total Capital Assets, Not Being Depreciated	1,069,713	(350,161)	--	719,552
Capital Assets, Being Depreciated:				
Building and Improvements	7,087,987	342,939	--	7,430,926
Machinery and Equipment	2,179,107	543,354	--	2,722,461
Vehicles	1,158,438	1,284,662	--	2,443,100
Infrastructure	982,862	703,844	--	1,686,706
Total Capital Assets, Being Depreciated	11,408,394	2,874,799	--	14,283,193
Less Accumulated Depreciation for:				
Buildings and Improvements	1,816,076	433,161	--	2,249,237
Machinery and Equipment	1,302,504	459,046	--	1,761,550
Vehicles	662,531	838,804	--	1,501,335
Infrastructure	336,263	251,555	--	587,818
Total Accumulated Depreciation	4,117,374	1,982,566	--	6,099,940
Total Capital Assets, Being Depreciated, Net	7,291,020	542,072	--	8,183,253
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>CAPITAL ASSETS, NET</b>	<u>8,360,733</u>	<u>191,911</u>	--	<u>8,902,805</u>



Note 4 – CAPITAL ASSETS - (Continuation)

	BALANCE, OCTOBER 1, 2012	ADDITIONS	REDUCTIONS	BALANCE, SEPTEMBER 30, 2013
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	155,301	--	--	155,301
Construction in Progress	1,924,845	(1,924,845)	--	--
Total Capital Assets, Not Being Depreciated	2,080,146	(1,924,845)	--	155,301
Capital Assets, Being Depreciated:				
Machinery and Equipment	31,508,840	2,653,622	--	34,162,462
Less Accumulated Depreciation for:				
Machinery and Equipment	15,715,137	989,535	--	16,704,672
Total Capital Assets Being Depreciated, Net	15,793,703	1,664,087	--	17,457,790
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET</b>	<b>17,873,849</b>	<b>(260,758)</b>	<b>--</b>	<b>17,613,091</b>

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

General Government and Administration	184,001
Airport	33,375
Fire Department	592,865
Animal Control	316
Police Department	273,370
Municipal Court	18,317
Parks and Recreation	519,111
Municipal Swimming Pool	2,721
Municipal Golf Course	44,268
Street Department	69,305
Garbage Department	244,918
<b>TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES</b>	<b>1,982,567</b>
 Business-type Activities	
Water and Sewer	989,535

Note 5 – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2013:

	BALANCE, OCTOBER 1, 2012	ADDITIONS	REDUCTIONS	BALANCE, SEPTEMBER 30, 2013	DUE WITHIN ONE YEAR
Governmental Activities					
General Obligation Bonds	245,000	--	120,000	125,000	125,000
Certificates of Obligation	386,000	--	61,000	325,000	61,000
Revenue Bonds	3,739,000	--	285,000	3,454,000	301,000
Capital Lease	315,177	1,609,703	361,925	1,562,955	317,611
Compensated Absences	427,045	2,282	--	429,327	68,692
	<hr/>				
TOTAL GOVERNMENTAL ACTIVITIES	5,112,222	1,611,985	827,925	5,896,282	873,303
	<hr/>				
Business-Type Activities					
Certificate of Obligation	1,830,000	--	75,000	1,755,000	155,000
Tax Revenue Bond	2,215,000	--	740,000	1,475,000	760,000
Premium on Revenue Bonds	8,216	--	5,445	2,771	
Capital Leases	73,430	204,955	65,608	212,777	63,179
Compensated Absences	166,500	--	22,653	143,847	143,847
	<hr/>				
TOTAL BUSINESS-TYPE ACTIVITIES	4,293,146	204,955	908,706	3,589,395	1,122,026
	<hr/>				

Note 6 – LONG-TERM DEBT

The following is a summary of bonds payable from governmental activities as of September 30, 2013

Governmental Activities	
General Obligations	
General Obligation Refunding Bonds, Series 2003	
Original Issuance \$1,335,000 Callable 2/15/2012	
at par: varying interest rates from 2.6% to 3.25%	
Utilities supports 13% of this issue	125,000
Certificates of Obligation	
Combination Tax & Revenue Certificate of	
Obligation, Series 2003; Original Issuance	
Amount \$550,000 Callable on 2/15/2012 at	210,000
par: varying interest rates from 2.625% to 4%	
Certificate of Obligation, Series 2008, USDA	
Loan; Original Issuance \$210,000 with	
interest rate of 4.25%	115,000
Total Certificates of Obligation	<u>325,000</u>
Revenue Bonds	
Beeville Economic Improvement Corporation	
Sales Tax Revenue Bonds, Series 2006,	
Original Issuance \$885,000 with interest	
rate of 6.790%	345,000
Beeville Economic Improvement Corporation	
Sales Tax Revenue Bonds, Series 2011,	
Original Issuance \$3,500,000 with interest	
rate of 3.260%	3,109,000
Total Revenue Bonds	<u>3,454,000</u>
TOTAL BONDS PAYABLE	<u><u>3,904,000</u></u>

Note 6 – LONG-TERM DEBT – (Continuation)

The annual requirements to amortize all bonded debt from governmental activities as of September 30, 2013 are as follows:

	GENERAL OBLIGATIONS			CERTIFICATE OF OBLIGATION		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
Year Ending September 30,:						
2014	125,000	2,031	127,031	61,000	11,499	72,499
2015	--	--	--	62,000	9,210	71,210
2016	--	--	--	63,000	6,828	69,828
2017	--	--	--	69,000	4,238	73,238
2018	--	--	--	70,000	1,431	71,431
TOTAL	125,000	2,031	127,031	325,000	33,206	358,206

	REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL
Year Ending September 30,:			
2014	301,000	121,215	422,215
2015	317,000	103,536	420,536
2016	334,000	88,802	422,802
2017	216,000	81,566	297,566
2018	223,000	74,524	297,524
Thereafter	2,063,000	314,034	2,377,034
TOTAL	3,454,000	783,677	4,237,677

Note 6 – LONG-TERM DEBT – (Continuation)

The following is a summary of bonds payable from business-type activities as of September 30, 2013:

Business-Type Activities		
Certificates of Obligation		
Combination Tax & Revenue Certificate of Obligation, Series 2008-A; Original Issuance Amount \$2,000,000 Callable on 2/15/2018 at par; interest rate 4.95%.		1,755,000
Tax Revenue Bond		
Unlimited Tax Bond Series 2011, Original Issuance Amount \$1,600,000; interest rate 2% Due in 2014		415,000
Unlimited Tax Bond Series 2011, Original Issuance Amount \$1,400,000; interest rate 2% Due in 2016		1,060,000
		<u>1,475,000</u>
TOTAL BONDS PAYABLE		<u><u>3,230,000</u></u>

The annual requirements to amortize all bonded debt from business-type activities September 30, 2013 are as follows:

	CERTIFICATE OF OBLIGATION			TAX REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
Year Ending September 30,:						
2014	80,000	84,892	164,892	760,000	13,600	773,600
2015	85,000	80,809	165,809	355,000	3,575	358,575
2016	90,000	76,478	166,478	360,000	1,800	361,800
2017	95,000	71,899	166,899	--	1,800	1,800
2018	100,000	67,073	167,073	--	--	--
Thereafter	1,305,000	340,437	1,645,437	--	--	--
TOTAL	<u>1,755,000</u>	<u>721,588</u>	<u>2,476,588</u>	<u>1,475,000</u>	<u>20,775</u>	<u>1,495,775</u>

Note 7 – CAPITAL LEASES

The City has entered into lease agreements for equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a schedule of assets leased under capital leases as of September 30, 2013.

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Machinery and equipment	399,581	105,205
Vehicles	1,335,326	200,232
Less accumulated depreciation	<u>(854,215)</u>	<u>(129,604)</u>
TOTAL	<u><u>880,692</u></u>	<u><u>175,833</u></u>

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at September 30, 2013:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>
Year Ending September 30:		
2014	365,276	70,894
2015	350,047	70,894
2016	244,431	44,084
2017	341,981	44,084
2018	110,538	--
Thereafter	441,392	--
Total Minimum Lease Payments	<u>1,853,665</u>	<u>229,956</u>
Less Amount Representing Interest	<u>(290,710)</u>	<u>(17,179)</u>
TOTAL	<u><u>1,562,955</u></u>	<u><u>212,777</u></u>

Note 8 – INTERFUND TRANSACTIONS AND BALANCES

Interfund balances at September 30, 2013 consisted of the following individual fund balances:

	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund:		
Economic Development Fund	--	224,165
Utility Fund	6,427	168,064
BWSB		16
Other Governmental Funds	18,976	27,845
Total General Fund	<u>25,403</u>	<u>420,090</u>
Economic Development Fund:		
General Fund	224,165	--
Utility Fund	12,175	--
Total Economic Development Fund	<u>236,340</u>	<u>--</u>
Utility Fund:		
General Fund	168,064	6,427
Economic Development Fund	--	12,175
BWSB	45,593	
Other Governmental Funds		1,685
Total Utility Fund	<u>213,657</u>	<u>20,287</u>
BWSB		
General Fund	16	--
Utility Fund	--	45,593
	<u>16</u>	<u>45,593</u>
Other Governmental Funds:		
General Fund	<u>29,530</u>	<u>18,976</u>
TOTAL	<u><u>504,946</u></u>	<u><u>504,946</u></u>

Note 8 – INTERFUND TRANSACTIONS AND BALANCES – (Continuation)

The interfund balances at September 30, 2013 are generally short-term loans to cover temporary cash flows and reimbursements for various funds.

Interfund transfers during the year ended September 30, 2013 were as follows:

	<b>TRANSFERS OUT</b>				<b>TOTAL</b>
	<b>GENERAL FUND</b>	<b>ECONOMIC DEVELOPMENT FUND</b>	<b>UTILITY FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	
<b><u>TRANSFERS IN</u></b>					
General Fund	--	30,000	345,548	55,000	430,548
Utility Fund	112,564	--	--	--	112,564
BWSD	--	--	225,840	--	225,840
Other Governmental		419,598	--	--	419,598
<b>TOTAL</b>	<b>112,564</b>	<b>449,598</b>	<b>571,388</b>	<b>55,000</b>	<b>1,188,550</b>

The Utility Fund transfers to the General Fund were for an allocated amount for administrative service charges, and the transfer to the Other Governmental Funds was for payment of Debt Service related to the various bond series.

Note 9 – PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1, based on 100% of appraised value of property as listed on the previous January 1. Appraised values are determined by the Bee County Appraisal District, approved by the Bee County Appraisal Review Board, and certified by the Chief Appraiser. Property taxes are due upon receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. The City offer a discount on early payment of taxes. The City’s taxes are billed and collected by the Bee County Tax Office. Ad valorem taxes of \$2,272,806 were assessed on property values totaling \$405,981,190 using a tax rate of \$0.581050 (\$0.45781 for maintenance and operations and \$0.12324 for debt service) per \$100 assessed value. Beeville Water Supply District ad valorem taxes of \$557,937 were assessed on property values totaling \$398,526,610 using a tax rate of \$0.14 per \$100 assessed value.



Note 10 – PENSION PLAN

**Plan Description.** The City of Beeville provides pension benefits for all of its eligible employees (except firefighters and part-time personnel) through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The Plan provisions that have been adopted by the City are within the options available in the governing 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 explanation of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153, or by calling 800-924-8677. In addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

Employee Deposit Rate	5.0%
Matching Rate (City to Employee)	2 to 1
Years Required for Vesting	5
Service Retirement Eligibility (Expressed as Age/Years of Service)	60/5,0/25
Updated Service Credit	0%
Annuity Increase (to Retirees)	0% of CPI

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (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 City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Note 10 – PENSION PLAN – (Continuation)

Three year trend information is as follows:

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>ACTUAL CONTRIBUTIONS MADE</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION ASSET</u>
2011	68,793	68,793	100%	--
2012	47,700	47,700	100%	--
2013	30,678	46,998	100%	16,320

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

Authority Establishing Contribution Obligation	State Legislation
Frequency of Contributions	Biweekly
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	23 Years
Asset Valuation Method	10-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	Varies by Age & Service
Inflation	3.0%
Cost-of-living Adjustments	0%

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Value of Plan Assets	10,122,931
Actuarial Accrued Liability	<u>8,172,715</u>
<b>OVER FUNDED</b>	<b><u>1,950,216</u></b>
Funded Ratio	123.9%
Covered Payroll	3,665,110
Over Funded Actuarial Accrued Asset as a Percentage of Covered Payroll	53.2%

Note 11 – RISK MANAGEMENT

Beginning in January 2012, the City self-funds health benefits. The liability is accounted for in the general fund as self insurance liability. For the year ended September 30, 2013 claims were \$284,137 of which \$260,863 were paid leaving a self insurance liability of \$23,274. As of September 30, 2013, the City had a \$155,555 receivable from the third party administrator is included in accounts receivable.

## Note 12 – COMMITMENTS AND CONTINGENT LIABILITIES

The City is exposed to various risks of loss related to third party liability claims; theft of, damage to and destruction of assets; errors and omissions and injuries to employees. The City has an inter-local agreement with the Texas Municipal League for the purpose of providing all-risk property coverage with various limits on property and equipment of the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**REQUIRED SUPPLEMENTARY INFORMATION  
EMPLOYMENT RETIREMENT BENEFITS – ANALYSIS OF FUNDING PROGRESS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (1)	ACTUARIAL ACCRUED LIABILITY (AAL) (2)	FUNDED RATIO (3)	UNFUNDED AAL (UAAL) (4)	COVERED PAYROLL (5)	UAAL AS OF PERCENTAGE OF COVERED PAYROLL (6)
12/31/2010	9,113,820	7,669,243	118.4%	(1,414,577)	3,525,676	-40.1%
12/31/2011	9,654,019	7,918,072	121.9%	(1,735,947)	3,476,987	-49.9%
12/31/2012	10,122,931	8,172,175	123.9%	(1,950,216)	3,689,052	-50.0%

# **Combining and Individual Financial Statements and Schedules**



**CITY OF BEEVILLE, TEXAS  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and Cash Equivalents	2,585,144	2,390,124
Receivables		
Accounts	173,153	138,569
Taxes	206,054	204,139
Intergovernmental	228,384	242,941
Third Party Administrator	155,556	109,651
Allowance for Uncollectible	(30,621)	(30,621)
Net Receivables	<u>732,526</u>	<u>664,679</u>
Due from Other Funds	<u>25,403</u>	<u>19,361</u>
<b>TOTAL ASSETS</b>	<b><u>3,343,073</u></b>	<b><u>3,074,164</u></b>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	354,089	338,209
Accrued Expenses	89,410	70,410
Liabilities to Claimants - Escheat Property	8,909	8,909
Due to Other Funds	420,090	403,543
Unearned Revenue	175,433	173,518
Total Liabilities	<u>1,047,931</u>	<u>994,589</u>
Fund Balance		
Committed	698,680	698,680
Unassigned	1,596,462	1,380,895
Total Fund Balance	<u>2,295,142</u>	<u>2,079,575</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>3,343,073</u></b>	<b><u>3,074,164</u></b>

**CITY OF BEEVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (BUDGET BASIS), COMPARED TO BUDGET**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>ACTUAL GAAP BASIS</u>	<u>ADJUSTMENTS BUDGET BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>Taxes</b>				
General Property Taxes				
Ad Valorem - Current	2,138,673	2,170,710	1,672,427	--
Ad Valorem - Delinquent	68,000	68,000	56,476	--
Ad Valorem - Penalty & Interest	54,000	54,000	47,174	--
Ad Valorem - Capital Lease	--	--	--	--
Ad Valorem - Contingencies	--	--	--	--
Payment in Lieu of Taxes	--	--	8,595	--
Total General Property Taxes	<u>2,260,673</u>	<u>2,292,710</u>	<u>1,784,672</u>	--
Sales Taxes	<u>3,041,200</u>	<u>3,041,200</u>	<u>2,920,724</u>	--
Beverage Taxes	<u>28,000</u>	<u>28,000</u>	<u>28,570</u>	--
<b>Business Fees</b>				
Electric Franchise	32,000	32,000	38,706	--
Telephone Franchise	350,000	350,000	377,094	--
Cable TV Franchise	77,000	77,000	83,778	--
Gas Franchise	147,000	147,000	149,924	--
Total Business Fees	<u>606,000</u>	<u>606,000</u>	<u>649,502</u>	--
Total Taxes and Business Fees	<u>5,935,873</u>	<u>5,967,910</u>	<u>5,383,468</u>	--
<b>Licenses and Permits</b>				
Construction Permits	157,000	157,000	130,993	--
Recording Fees	4,200	4,200	3,606	--
Occupational Licenses	4,500	4,500	11,916	--
Coin Operated Machines	15,000	15,000	12,375	--
Solicitation Permits	--	--	7,745	--
Moving Permits	--	--	993	--
Game Room Permits	30,000	224,000	225,000	--
Mobile Home Permits	--	--	1,435	--
Total Licenses and Permits	<u>210,700</u>	<u>404,700</u>	<u>394,063</u>	--
<b>Charges for Services</b>				
Garbage Service	2,130,000	2,130,000	2,178,448	--
Collection Station Fees	15,000	15,000	14,175	--
Garbage Late Penalties	20,000	20,000	30,979	--
Special Trash/Brush Collection	3,000	3,000	1,970	--
Recycling	--	--	14,508	--
Solid Waste Administration Fee	--	--	60,387	--
Ambulance	137,685	137,685	151,798	--
Rural Fire District Service	20,000	20,000	20,000	--
Municipal Golf Course	49,200	49,200	45,100	--
Park and Recreation Fees	--	--	28,977	--
Park/Community Center Rentals	34,300	34,300	32,589	--
Swimming Pool	14,000	14,000	19,638	--
Animal Control	7,800	7,800	6,084	--
Background Checks/Accident Reports	1,800	1,800	3,226	--



**Exhibit 9-B**

<b>2013 ACTUAL BUDGET BASIS</b>	<b>VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)</b>	<b>2012 ACTUAL BUDGET BASIS</b>
1,672,427	(498,283)	1,688,451
56,476	(11,524)	73,025
47,174	(6,826)	58,445
--	--	59,696
--	--	46,984
8,595	8,595	818
<b>1,784,672</b>	<b>(508,038)</b>	<b>1,927,419</b>
<b>2,920,724</b>	<b>(120,476)</b>	<b>2,772,420</b>
<b>28,570</b>	<b>570</b>	<b>27,526</b>
38,706	6,706	32,569
377,094	27,094	372,308
83,778	6,778	77,342
149,924	2,924	145,013
<b>649,502</b>	<b>43,502</b>	<b>627,232</b>
5,383,468	(584,442)	5,354,597
130,993	(26,007)	143,691
3,606	(594)	4,171
11,916	7,416	4,880
12,375	(2,625)	6,510
7,745	7,745	1,000
993	993	1,379
225,000	1,000	29,204
1,435	1,435	--
<b>394,063</b>	<b>(10,637)</b>	<b>190,835</b>
2,178,448	48,448	1,958,558
14,175	(825)	15,039
30,979	10,979	21,482
1,970	(1,030)	2,955
14,508	14,508	100
60,387	60,387	--
151,798	14,113	149,011
20,000	--	20,000
45,100	(4,100)	54,250
28,977	28,977	--
32,589	(1,711)	34,780
19,638	5,638	13,335
6,084	(1,716)	7,197
3,226	1,426	1,621

**(Continued)**

**CITY OF BEEVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES (BUDGET BASIS), COMPARED TO BUDGET**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>ACTUAL GAAP BASIS</u>	<u>ADJUSTMENTS BUDGET BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Restitution Fees	225	225	3,412	--
Police Escort Fees	11,000	11,000	8,750	--
Police Service Fees	750	750	--	--
Alarm Permit Fees	8,200	8,200	12,100	--
Impounded Vehicles and Storage	--	--	200	--
Wrecker Towing Fees	4,500	4,500	4,030	--
Other Enforcement Revenue	--	--	66,353	--
Fire Fees	--	--	28,971	--
Fire Inspections	--	--	10,125	--
Airport	4,200	4,200	1,609	--
Lot Cleaning Fees	12,000	12,000	19,469	--
Demolition Fees	5,000	5,000	2,869	--
Variance Request Fees	2,000	2,000	300	--
Paving Fees	1,800	1,800	381	--
Liens	--	--	--	--
Tower Lease Fee	6,800	6,800	9,510	--
Copies	--	--	509	--
Credit Card Fees	9,000	9,000	12,574	--
Total Charges for Services	<u>2,498,260</u>	<u>2,498,260</u>	<u>2,789,041</u>	--
Fines and Penalties	240,000	293,670	318,462	--
Interest on Investments	1,000	1,000	2,202	--
Other	15,000	18,000	77,569	--
Total Revenues	8,900,833	9,183,540	8,964,805	--
Other Financing Sources (Uses)				
Capital Leases	--	--	1,609,703	(1,609,703)
Transfers In				
Hotel Motel	30,000	30,000	30,000	--
Utility Fund	376,961	376,961	345,548	--
Technology Fund	10,000	10,000	25,000	--
Economic Development Fund	30,000	30,000	30,000	--
Total Transfers In	<u>446,961</u>	<u>446,961</u>	<u>430,548</u>	--
Transfers Out				
Utility Fund	(122,797)	(122,797)	(112,564)	--
Total Other Financing Sources (Uses)	<u>324,164</u>	<u>324,164</u>	<u>1,927,687</u>	<u>(1,609,703)</u>
	<u>9,224,997</u>	<u>9,507,704</u>	<u>10,892,492</u>	<u>(1,609,703)</u>

**Exhibit 9-B  
(Continuation)**

<b>2013 ACTUAL BUDGET BASIS</b>	<b>VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)</b>	<b>2012 ACTUAL BUDGET BASIS</b>
3,412	3,187	167
8,750	(2,250)	9,425
--	(750)	500
12,100	3,900	5,625
200	200	11,840
4,030	(470)	4,050
66,353	66,353	12,535
28,971	28,971	--
10,125	10,125	--
1,609	(2,591)	3,128
19,469	7,469	8,751
2,869	(2,131)	5,023
300	(1,700)	1,650
381	(1,419)	1,375
--	--	1,962
9,510	2,710	6,000
509	509	--
12,574	3,574	6,564
<b>2,789,041</b>	<b>290,781</b>	<b>2,356,923</b>
318,462	24,792	195,109
2,202	1,202	3,165
77,569	59,569	48,295
8,964,805	(218,735)	8,148,924
--	--	--
30,000	--	30,000
345,548	(31,413)	102,826
25,000	15,000	10,000
30,000	--	30,000
430,548	(16,413)	172,826
(112,564)	10,233	(283,818)
317,984	(6,180)	(110,992)
9,282,789	(224,915)	8,037,932

**CITY OF BEEVILLE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES (BUDGET BASIS), COMPARED TO BUDGET**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<b>ACTUAL GAAP EXPENDITURES</b>			
	<b>PERSONNEL COST</b>	<b>MATERIALS &amp; SUPPLIES</b>	<b>OTHER SERVICES AND CHARGES</b>	<b>CAPITAL OUTLAYS</b>
<b>Current Expenditures</b>				
<b>General Government</b>				
General Administrative	243,596	14,685	392,244	166,960
Main Street Program	71,956	5,641	58,559	--
City Secretary	100,819	8,031	62,239	--
Finance	232,483	10,798	151,449	32,389
Airport	--	700	18,820	48,250
Development	173,397	18,407	48,052	--
Garage	100,297	16,387	14,588	51,980
Total General Government	<u>922,548</u>	<u>74,649</u>	<u>745,951</u>	<u>299,579</u>
Fire and Ambulance	62,892	62,957	573,023	976,000
<b>Enforcement</b>				
Police	1,668,107	190,558	313,145	311,978
Municipal Court	127,381	3,627	24,434	7,200
Total Enforcement	<u>1,795,488</u>	<u>194,185</u>	<u>337,579</u>	<u>319,178</u>
<b>Culture and Recreation</b>				
Parks and Recreation	394,146	63,320	260,040	59,347
Swimming Pool	43,109	15,063	18,164	--
Golf Course	50,345	51,480	32,877	--
Total Culture and Recreation	<u>487,600</u>	<u>129,863</u>	<u>311,081</u>	<u>59,347</u>
Garbage and Sanitation	--	--	1,764,418	--
Streets	731,177	261,580	413,993	103,219
<b>Debt Service</b>				
Interest	--	--	50,613	--
<b>TOTAL EXPENDITURES</b>	<u><u>3,999,705</u></u>	<u><u>723,234</u></u>	<u><u>4,196,658</u></u>	<u><u>1,757,323</u></u>

TOTAL EXPENDITURES	ADJUSTMENTS BUDGET BASIS	2013 ACTUAL BUDGET BASIS	BUDGET		VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)	2012 ACTUAL BUDGET BASIS
			ORIGINAL	FINAL		
817,485	(44,293)	773,192	650,523	823,604	50,412	514,536
136,156	--	136,156	141,981	141,981	5,825	110,491
171,089	1,910	172,999	164,242	176,633	3,634	199,395
427,119	--	427,119	389,328	389,328	(37,791)	330,067
67,770	--	67,770	20,800	24,400	(43,370)	14,911
239,856	--	239,856	269,101	260,426	20,570	181,930
183,252	(50,000)	133,252	164,363	164,363	31,111	76,336
2,042,727	(92,383)	1,950,344	1,800,338	1,980,735	30,391	1,427,666
1,674,872	(948,574)	726,298	750,988	750,988	24,690	589,747
2,483,788	(274,248)	2,209,540	2,266,770	2,272,224	62,684	1,839,397
162,642	(7,200)	155,442	184,072	184,072	28,630	202,312
2,646,430	(281,448)	2,364,982	2,450,842	2,456,296	91,314	2,041,709
776,853	(30,750)	746,103	731,420	755,466	9,363	660,615
76,336	--	76,336	90,127	86,104	9,768	64,486
134,702	(23,904)	110,798	151,266	151,266	40,468	137,256
987,891	(54,654)	933,237	972,813	992,836	59,599	862,357
1,764,418	--	1,764,418	1,696,859	1,774,871	10,453	1,645,244
1,509,969	(182,031)	1,327,938	1,420,025	1,420,025	92,087	1,204,882
50,613	(50,613)	--	--	--	--	--
10,676,920	(1,609,703)	9,067,217	9,091,865	9,375,751	308,534	7,771,605

**CITY OF BEEVILLE, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2013 AND 2012**

ASSETS	SPECIAL REVENUE			
	HOTEL OCCUPANCY TAX	STREET MAINTENANCE	FEDERAL/ STATE GRANTS	TECHNOLOGY
Cash and Cash Equivalents	544,354	513,229	15,195	10,978
Receivables				
Taxes	--	--	--	--
Intergovernmental	153,538	28,548	--	--
Allowance for Uncollectible Net Receivables	153,538	28,548	--	--
Due from Other Funds	--	28,861	--	576
TOTAL ASSETS	697,892	570,638	15,195	11,554
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	--	68,811	--	--
Due to Other Funds	--	--	18,976	--
Unearned Revenue	--	--	--	--
Total Liabilities	--	68,811	18,976	--
Fund Balance				
Restricted	697,892	501,827	(3,781)	11,554
Committed	--	--	--	--
Total Fund Balance	697,892	501,827	(3,781)	11,554
TOTAL LIABILITIES AND FUND BALANCE	697,892	570,638	15,195	11,554

Exhibit 10-A

<u>BUILDING SECURITY</u>	<u>BEEVILLE REINVESTMENT ZONE #1</u>	<u>MAIN STREET</u>	<u>TOTAL SPECIAL REVENUE</u>
14,745	342,402	14,984	1,455,887
--	237	--	237
--	--	--	182,086
--	(36)	--	(36)
--	201	--	182,287
93	--	--	29,530
14,838	342,603	14,984	1,667,704
--	936	1,915	71,662
--	--	--	18,976
--	202	--	202
--	1,138	1,915	90,840
14,838	341,465	--	1,563,795
--	--	13,069	13,069
14,838	341,465	13,069	1,576,864
14,838	342,603	14,984	1,667,704

(Continued)

**CITY OF BEEVILLE, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2013 AND 2012**

ASSETS	DEBT SERVICE		
	DEBT SERVICE	EIC DEBT SERVICE	TOTAL DEBT SERVICE
Cash and Cash Equivalents	380,224	72,120	452,344
Receivables			
Taxes	--	--	--
Intergovernmental	--	--	--
Allowance for Uncollectible	--	--	--
Net Receivables	--	--	--
Due from Other Funds	--	--	--
<b>TOTAL ASSETS</b>	<b>380,224</b>	<b>72,120</b>	<b>452,344</b>
<b>LIABILITIES AND FUND BALANCE</b>			
Accounts Payable	--	--	--
Due to Other Funds	--	--	--
Unearned Revenue	--	--	--
Total Liabilities	--	--	--
Fund Balance			
Restricted	--	72,120	72,120
Committed	380,224	--	380,224
Total Fund Balance	380,224	72,120	452,344
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>380,224</b>	<b>72,120</b>	<b>452,344</b>



**Exhibit 10-A  
(Continuation)**

<u>2013</u> <u>TOTAL</u>	<u>2012</u> <u>TOTAL</u>
1,908,231	1,177,440
237	1,345
182,086	207,438
(36)	(202)
<u>182,287</u>	<u>208,581</u>
29,530	24,694
<u>2,120,048</u>	<u>1,410,715</u>
71,662	12,736
18,976	15,826
202	1,143
<u>90,840</u>	<u>29,705</u>
1,635,915	1,346,926
393,293	34,084
<u>2,029,208</u>	<u>1,381,010</u>
<u>2,120,048</u>	<u>1,410,715</u>

**CITY OF BEEVILLE, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<b>SPECIAL REVENUE</b>			
	<b>HOTEL OCCUPANCY TAX</b>	<b>STREET MAINTENANCE</b>	<b>FEDERAL/ STATE GRANTS</b>	<b>TECHNOLOGY</b>
<b>Revenues</b>				
General Property Taxes	--	--	--	--
Sales Taxes	--	365,021	--	--
Hotel Occupancy Taxes	621,171	--	--	--
Fines and Penalties	--	--	--	5,211
Interest on Investments	158	250	7	4
Other	--	--	--	--
Total Revenue	<u>621,329</u>	<u>365,271</u>	<u>7</u>	<u>5,215</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>General Government</b>				
Other Services and Charges	--	--	--	--
<b>Enforcement</b>				
Materials and Supplies	--	--	--	--
Other Services and Charges	--	--	1,079	1,330
<b>Streets</b>				
Personnel Cost	--	--	--	--
Materials and Supplies	--	33,139	--	--
Other Services and Charges	--	21,286	--	--
<b>Visitor Promotion</b>				
Other Services and Charges	297,279	--	--	--
<b>Debt Service</b>				
Principal Retirement	--	--	--	--
Interest	--	--	--	--
Paying Agent Fees	--	--	--	--
Bond Issuance Cost	--	--	--	--
Capital Projects	--	305,433	--	--
Total Expenditures	<u>297,279</u>	<u>359,858</u>	<u>1,079</u>	<u>1,330</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	--	--	--	--
Transfers Out	(30,000)	--	--	--
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	294,050	5,413	(1,072)	3,885
Fund Balance at Beginning of Year	<u>403,842</u>	<u>496,414</u>	<u>(2,709)</u>	<u>7,669</u>
Fund Balance at Beginning of Year as Adjusted	<u>403,842</u>	<u>496,414</u>	<u>(2,709)</u>	<u>7,669</u>
FUND BALANCE END OF YEAR	<u><u>697,892</u></u>	<u><u>501,827</u></u>	<u><u>(3,781)</u></u>	<u><u>11,554</u></u>

Exhibit 10-B

<u>BUILDING SECURITY</u>	<u>BEEVILLE REINVESTMENT ZONE #1</u>	<u>MAIN STREET</u>	<u>TOTAL SPECIAL REVENUE</u>
--	73,780	--	73,780
--	--	--	365,021
--	--	--	621,171
3,675	--	--	8,886
5	153	7	584
--	--	8,891	8,891
3,680	73,933	8,898	1,078,333
--	--	--	--
--	--	--	--
456	--	--	2,865
--	--	--	--
--	339	--	33,478
--	65,113	--	86,399
--	--	4,317	301,596
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	305,433
456	65,452	4,317	729,771
--	--	--	--
--	(25,000)	--	(55,000)
--	(25,000)	--	(55,000)
3,224	(16,519)	4,581	293,562
11,614	357,984	8,488	1,283,302
11,614	357,984	8,488	1,283,302
14,838	341,465	13,069	1,576,864

(Continued)

**CITY OF BEEVILLE, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<b>DEBT SERVICE</b>		<b>TOTAL DEBT SERVICE</b>
	<b>DEBT SERVICE</b>	<b>EIC DEBT SERVICE</b>	
Revenues			
General Property Taxes	556,038	--	556,038
Sales Taxes	--	--	--
Hotel Occupancy Taxes	--	--	--
Grants	--	--	--
Fines and Penalties	--	--	--
Interest on Investments	4	8	12
Miscellaneous	--	--	--
Total Revenue	<u>556,042</u>	<u>8</u>	<u>556,050</u>
Expenditures			
Current			
General Government			
Other Services and Charges	--	--	--
Enforcement			
Materials and Supplies	--	--	--
Other Services and Charges	--	--	--
Streets			
Personnel Cost	--	--	--
Materials and Supplies	--	--	--
Other Services and Charges	--	--	--
Visitor Promotion			
Other Services and Charges	--	--	--
Debt Service			
Principal Retirement	181,000	285,000	466,000
Interest	19,639	134,198	153,837
Paying Agent Fees	775	400	1,175
Bond Issuance Cost	--	--	--
Capital Projects	--	--	--
Total Expenditures	<u>201,414</u>	<u>419,598</u>	<u>621,012</u>
Other Financing Sources (Uses)			
Transfers In	--	419,598	419,598
Transfers Out	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>419,598</u>	<u>419,598</u>
Net Change in Fund Balance	354,628	8	354,636
Fund Balance at Beginning of Year	<u>25,596</u>	<u>72,112</u>	<u>97,708</u>
FUND BALANCE END OF YEAR	<u><u>380,224</u></u>	<u><u>72,120</u></u>	<u><u>452,344</u></u>

**Exhibit 10-B  
(Continuation)**

<u>2013</u> <u>TOTAL</u>	<u>2012</u> <u>TOTAL</u>
629,818	228,308
365,021	346,574
621,171	685,738
--	130,922
8,886	8,151
596	912
8,891	5,664
<u>1,634,383</u>	<u>1,406,269</u>
--	25,406
--	1,412
2,865	2,339
--	5,748
33,478	23
86,399	209,591
301,596	387,068
466,000	461,000
153,837	153,919
1,175	900
--	72,000
305,433	--
<u>1,350,783</u>	<u>1,319,406</u>
419,598	707,246
<u>(55,000)</u>	<u>(247,376)</u>
<u>364,598</u>	<u>459,870</u>
648,198	546,733
<u>1,381,010</u>	<u>834,276</u>
<u><u>2,029,208</u></u>	<u><u>1,381,009</u></u>



**CITY OF BEEVILLE, TEXAS  
DEBT SERVICE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Cash and Cash Equivalents	380,224	25,596
<b>TOTAL ASSETS</b>	<u><u>380,224</u></u>	<u><u>25,596</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Fund Balance		
Committed	<u>380,224</u>	<u>25,596</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>380,224</u></u>	<u><u>25,596</u></u>

**CITY OF BEEVILLE, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>2013 ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues				
General Property Taxes	--	--	556,038	556,038
Interest on Investments	--	--	4	4
Total Revenue	--	--	556,042	556,042
Expenditures				
Debt Service				
Principal Retirement	--	--	181,000	(181,000)
Interest	--	--	19,639	(19,639)
Paying Agent Fees	--	--	775	(775)
Total Expenditures	--	--	201,414	(201,414)
Other Financing Sources (Uses)				
Transfers In	--	--	--	--
Transfers Out	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Change in Fund Balance	--	--	354,628	354,628
Fund Balance at Beginning of Year	25,596	25,596	25,596	--
FUND BALANCE END OF YEAR	25,596	25,596	380,224	354,628



**Exhibit 11-B**

<b>2012 ACTUAL</b>
169,003
<u>7</u>
169,010
170,000
25,270
<u>500</u>
195,770
189,086
<u>(162,318)</u>
<u>26,768</u>
8
<u>25,588</u>
<u>25,596</u>

**CITY OF BEEVILLE, TEXAS  
ECONOMIC DEVELOPMENT FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<b>GENERAL</b>	<b>DEBT SERVICE</b>	<b>2013 TOTAL</b>	<b>2012 TOTAL</b>
Cash and Cash Equivalents	2,143,447	72,120	2,215,567	1,913,761
Receivables				
Intergovernmental	85,644	--	85,644	91,103
Due from Other Funds	236,340	--	236,340	231,284
<b>TOTAL ASSETS</b>	<b>2,465,431</b>	<b>72,120</b>	<b>2,537,551</b>	<b>2,236,148</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	19,177	--	19,177	88
Contractor's Retainage	--	--	--	12,869
<b>Total Liabilities</b>	<b>19,177</b>	<b>--</b>	<b>19,177</b>	<b>12,957</b>
Fund Balance				
Restricted	2,446,254	72,120	2,518,374	2,223,191
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>2,465,431</b>	<b>72,120</b>	<b>2,537,551</b>	<b>2,236,148</b>

**CITY OF BEEVILLE, TEXAS**  
**ECONOMIC DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>2013 TOTAL</u>	<u>2012 TOTAL</u>
Revenues				
Sales Taxes	1,095,066	--	1,095,066	1,042,440
Interest on Investments	3,661	8	3,669	2,612
Other	--	--	--	3,761
Total Revenue	<u>1,098,727</u>	<u>8</u>	<u>1,098,735</u>	<u>1,048,813</u>
Expenditures				
Current				
Economic Development				
Other Services and Charges	118,157	--	118,157	27,342
Debt Service				
Principal Retirement	--	285,000	285,000	291,000
Interest	--	134,198	134,198	128,649
Paying Agent Fees	--	400	400	400
Bond Issuance Cost	--	--	--	72,000
Capital Projects	235,797	--	235,797	3,976,501
Total Expenditures	<u>353,954</u>	<u>419,598</u>	<u>773,552</u>	<u>4,495,892</u>
Other Financing Sources (Uses)				
Revenue Bonds Issued	--	--	--	3,500,000
Transfers In	--	419,598	419,598	518,159
Transfers Out	(449,598)	--	(449,598)	(548,159)
Total Other Financing Sources (Uses)	<u>(449,598)</u>	<u>419,598</u>	<u>(30,000)</u>	<u>3,470,000</u>
Net Change in Fund Balance	295,175	8	295,183	22,921
Fund Balance at Beginning of Year	<u>2,151,079</u>	<u>72,112</u>	<u>2,223,191</u>	<u>2,200,270</u>
FUND BALANCE END OF YEAR	<u><u>2,446,254</u></u>	<u><u>72,120</u></u>	<u><u>2,518,374</u></u>	<u><u>2,223,191</u></u>

**CITY OF BEEVILLE, TEXAS**  
**ECONOMIC DEVELOPMENT GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>2013 ACTUAL</u>	<u>VARIANCE FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Revenues				
Sale Taxes	1,016,000	1,016,000	1,095,066	79,066
Interest on Investments	1,500	1,500	3,661	2,161
Other	--	--	--	--
Total Revenue	<u>1,017,500</u>	<u>1,017,500</u>	<u>1,098,727</u>	<u>81,227</u>
Expenditures				
Current				
Economic Development				
Other Services and Charges	65,000	65,000	118,157	53,157
Capital Projects	503,302	503,302	235,797	(267,505)
Total Expenditures	<u>568,302</u>	<u>568,302</u>	<u>353,954</u>	<u>(214,348)</u>
Other Financing Sources (Uses)				
Revenue Bonds Issued	--	--	--	--
Transfers Out	(449,198)	(449,198)	(449,598)	(400)
Total Other Financing Sources (Uses)	<u>(449,198)</u>	<u>(449,198)</u>	<u>(449,598)</u>	<u>(400)</u>
Net Change in Fund Balance	--	--	295,175	295,175
Fund Balance at Beginning of Year	<u>2,151,079</u>	<u>2,151,079</u>	<u>2,151,079</u>	<u>--</u>
FUND BALANCE END OF YEAR	<u><u>2,151,079</u></u>	<u><u>2,151,079</u></u>	<u><u>2,446,254</u></u>	<u><u>295,175</u></u>

**Exhibit 12-C**

<b>2012 ACTUAL</b>
1,042,440
1,850
<u>3,761</u>
<u>1,048,051</u>
27,342
<u>3,976,501</u>
<u>4,003,843</u>
3,500,000
<u>(548,159)</u>
<u>2,951,841</u>
(3,951)
<u>2,155,030</u>
<u><u>2,151,079</u></u>

**CITY OF BEEVILLE, TEXAS  
ECONOMIC DEVELOPMENT - DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
YEAR ENDED SEPTEMBER 30, 2013  
WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2012**

	<u>BUDGET</u>		<u>2013 ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues				
Interest on Investments	--	--	8	8
Expenditures				
Debt Service				
Principal Retirement	--	--	285,000	(285,000)
Interest	--	--	134,198	(134,198)
Paying Agent Fees	400	400	400	--
Bond Issuance Cost	--	--	--	--
Total Expenditures	<u>400</u>	<u>400</u>	<u>419,598</u>	<u>(419,198)</u>
Other Financing Sources (Uses)				
Transfers In	--	--	419,598	419,598
Net Change in Fund Balance	(400)	(400)	8	838,804
Fund Balance at Beginning of Year	<u>72,112</u>	<u>72,112</u>	<u>72,112</u>	<u>--</u>
FUND BALANCE END OF YEAR	<u><u>71,712</u></u>	<u><u>71,712</u></u>	<u><u>72,120</u></u>	<u><u>838,804</u></u>

**Exhibit 12-D**

<u>2012</u> <u>ACTUAL</u>
762
291,000
128,649
400
<u>72,000</u>
492,049
<u>518,159</u>
26,872
<u>45,240</u>
<u><u>72,112</u></u>

**CITY OF BEEVILLE, TEXAS  
HOTEL OCCUPANCY TAX FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and Cash Equivalents	544,354	228,479
Receivables		
Intergovernmental	153,538	177,070
	<hr/>	<hr/>
TOTAL ASSETS	697,892	405,549
	<hr/> <hr/>	<hr/> <hr/>
 <b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	--	1,707
Total Liabilities	--	1,707
	<hr/>	<hr/>
Fund Balance		
Restricted	697,892	403,842
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	697,892	405,549
	<hr/> <hr/>	<hr/> <hr/>



**CITY OF BEEVILLE, TEXAS**  
**HOTEL OCCUPANCY TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Hotel Occupancy Taxes	621,171	685,738
Interest on Investments	158	28
Total Revenues	<u>621,329</u>	<u>685,766</u>
Expenditures		
Visitor Promotion		
Other Services and Charges	297,279	384,831
Other Financing Sources (Uses)		
Transfers Out	<u>(30,000)</u>	<u>(75,058)</u>
Net Change in Fund Balance	294,050	225,877
Fund Balance at Beginning of Year	<u>403,842</u>	<u>177,965</u>
FUND BALANCE END OF YEAR	<u><u>697,892</u></u>	<u><u>403,842</u></u>

**CITY OF BEEVILLE, TEXAS  
STREET MAINTENANCE FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and Cash Equivalents	513,229	449,550
Receivables		
Intergovernmental	28,548	30,368
Due from Other Funds	28,861	27,175
	570,638	507,093
<b>TOTAL ASSETS</b>	<b>570,638</b>	<b>507,093</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	68,811	10,679
Total Liabilities	68,811	10,679
Fund Balance		
Restricted	501,827	496,414
	570,638	507,093
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>570,638</b>	<b>507,093</b>

**CITY OF BEEVILLE, TEXAS  
STREET MAINTENANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Sales Taxes	365,021	346,574
Interest on Investments	250	47
Total Revenues	<u>365,271</u>	<u>346,621</u>
Expenditures		
Current		
Streets		
Personnel Cost	--	5,748
Other Services and Charges	21,286	191,518
Capital Projects	305,433	--
Total Expenditures	<u>359,858</u>	<u>197,266</u>
Net Change in Fund Balance	5,413	149,355
Fund Balance at Beginning of Year	<u>496,414</u>	<u>347,059</u>
FUND BALANCE END OF YEAR	<u><u>501,827</u></u>	<u><u>496,414</u></u>

**CITY OF BEEVILLE, TEXAS  
FEDERAL/STATE GRANTS FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Cash and Cash Equivalents	15,195	16,267
Due from Other Funds	--	(3,150)
<b>TOTAL ASSETS</b>	<u>15,195</u>	<u>13,117</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Due to Other Funds	18,976	15,826
Total Liabilities	<u>18,976</u>	<u>15,826</u>
Fund Balance		
Restricted	<u>(3,781)</u>	<u>(2,709)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>15,195</u>	<u>13,117</u>

**CITY OF BEEVILLE, TEXAS  
FEDERAL/STATE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Grants	--	29,560
Interest on Investments	7	3
Other	--	5
Total Revenues	<u>7</u>	<u>29,568</u>
Expenditures		
Current		
General Government		
Other Services and Charges	--	25,406
Enforcement		
Personnel Cost	--	--
Materials and Supplies	--	202
Other Services and Charges	1,079	1,375
Total Expenditures	<u>1,079</u>	<u>26,983</u>
Other Financing Sources (Uses)		
Transfers In	<u>--</u>	<u>1</u>
Net Change in Fund Balance	(1,072)	2,586
Fund Balance at Beginning of Year	<u>(2,709)</u>	<u>(5,295)</u>
FUND BALANCE END OF YEAR	<u><u>(3,781)</u></u>	<u><u>(2,709)</u></u>

**CITY OF BEEVILLE, TEXAS  
TECHNOLOGY FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Cash and Cash Equivalents	10,978	7,093
Due from Other Funds	576	576
<b>TOTAL ASSETS</b>	<u><u>11,554</u></u>	<u><u>7,669</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	--	--
Total Liabilities	<u>  --</u>	<u>  --</u>
Fund Balance		
Restricted	<u>11,554</u>	<u>7,669</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>11,554</u></u>	<u><u>7,669</u></u>

**CITY OF BEEVILLE, TEXAS  
TECHNOLOGY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
Fines and Penalties	5,211	4,823
Interest on Investments	4	--
Total Revenues	<u>5,215</u>	<u>4,823</u>
Expenditures		
Current		
Enforcement		
Materials and Supplies	--	1,210
Other Services and Charges	1,330	525
Total Expenditures	<u>1,330</u>	<u>1,735</u>
Net Change in Fund Balance	3,885	3,088
Fund Balance at Beginning of Year	<u>7,669</u>	<u>4,581</u>
FUND BALANCE END OF YEAR	<u><u>11,554</u></u>	<u><u>7,669</u></u>

**CITY OF BEEVILLE, TEXAS  
BUILDING SECURITY FUND  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Cash and Cash Equivalents	14,745	11,520
Due from Other Funds	93	93
<b>TOTAL ASSETS</b>	<u><u>14,838</u></u>	<u><u>11,613</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	--	--
Total Liabilities	<u>  --</u>	<u>  --</u>
Fund Balance		
Restricted	<u>14,838</u>	<u>11,613</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>14,838</u></u>	<u><u>11,613</u></u>



**CITY OF BEEVILLE, TEXAS  
BUILDING SECURITY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
Revenues		
Fines and Penalties	3,675	3,328
Interest on Investments	5	--
Total Revenues	3,680	3,328
Expenditures		
Current		
Enforcement		
Other Services and Charges	456	439
Net Change in Fund Balance	3,224	2,889
Fund Balance at Beginning of Year	11,614	8,724
FUND BALANCE END OF YEAR	14,838	11,613

**CITY OF BEEVILLE, TEXAS  
BEEVILLE REINVESTMENT ZONE #1  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
Cash and Cash Equivalents	342,402	358,335
Receivables		
Taxes	237	1,345
Allowance for Uncollectible	(36)	(202)
Net Receivables	201	1,143
<b>TOTAL ASSETS</b>	<b>342,603</b>	<b>359,478</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	936	351
Unearned Revenue	202	1,143
Total Liabilities	1,138	1,494
Fund Balance		
Restricted	341,465	357,984
Total Fund Balance	341,465	357,984
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>342,603</b>	<b>359,478</b>

**CITY OF BEEVILLE, TEXAS**  
**BEEVILLE REINVESTMENT ZONE #1**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues		
General Property Taxes	73,780	59,305
Grants	--	101,362
Interest on Investments	153	65
Total Revenue	<u>73,933</u>	<u>160,732</u>
Expenditures		
Current		
Streets		
Materials and Supplies	339	23
Other Services and Charges	65,113	18,073
Total Expenditures	<u>65,452</u>	<u>18,096</u>
Other Financing Sources (Uses)		
Transfers Out	<u>(25,000)</u>	<u>(10,000)</u>
Net Change in Fund Balance	(16,519)	132,636
Fund Balance at Beginning of Year	<u>357,984</u>	<u>225,348</u>
FUND BALANCE END OF YEAR	<u><u>341,465</u></u>	<u><u>357,984</u></u>

**CITY OF BEEVILLE, TEXAS  
MAIN STREET  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

<b>ASSETS</b>	<u><b>2013</b></u>	<u><b>2012</b></u>
Cash and Cash Equivalents	14,984	8,488
<b>TOTAL ASSETS</b>	<u><u>14,984</u></u>	<u><u>8,488</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable	1,915	--
Total Liabilities	<u>1,915</u>	--
Fund Balance		
Committed	<u>13,069</u>	8,488
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>14,984</u></u>	<u><u>8,488</u></u>

CITY OF BEEVILLE, TEXAS  
 MAIN STREET  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Revenues		
Interest on Investments	7	--
Other	8,891	5,659
Total Revenue	8,898	5,659
Expenditures		
Current		
Tourism		
Other Services and Charges	4,317	2,237
Net Change in Fund Balance	4,581	3,422
Fund Balance at Beginning of Year	8,488	5,066
FUND BALANCE END OF YEAR	13,069	8,488



**CITY OF BEEVILLE, TEXAS  
UTILITY FUND  
COMPARATIVE SCHEDULE OF NET POSITION  
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	2,750,437	1,831,111
Receivables		
Accounts	665,299	705,720
Allowance for Uncollectible	(5,250)	(4,870)
Net Receivables	<u>660,049</u>	<u>700,850</u>
Due from Other Funds	213,657	200,261
Total Current Assets	<u>3,624,143</u>	<u>2,732,222</u>
Bond Issue Costs	27,635	31,033
Net Pension Asset	7,023	--
Capital Assets		
Land	155,301	155,301
Construction in Progress	--	124,175
Machinery and Equipment	23,367,215	23,014,919
Accumulated Depreciation	(11,817,364)	(11,040,696)
Net Capital Assets	<u>11,705,152</u>	<u>12,253,699</u>
Total Assets	<u>15,363,953</u>	<u>15,016,954</u>
<b>LIABILITIES</b>		
Accounts Payable	189,382	265,241
Contractor Retainage Payable	--	12,448
Accrued Expenses	27,195	19,762
Accrued Interest	10,859	11,323
Due to Other Funds	20,288	10,654
Deposits	244,925	181,750
Current Portion of Long-Term Liabilities		
Accumulated Compensated Absences	143,847	166,500
Long-Term Debt	218,180	98,363
Total Current Liabilities	<u>854,676</u>	<u>766,041</u>
Long-Term Liabilities		
Long-Term Debt	1,749,597	1,805,067
Total Liabilities	<u>2,604,273</u>	<u>2,571,108</u>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	9,737,375	10,350,269
Unrestricted	<u>3,022,305</u>	<u>2,095,577</u>
TOTAL NET POSITION	<u>12,759,680</u>	<u>12,445,846</u>

**CITY OF BEEVILLE, TEXAS  
UTILITY FUND  
COMPARATIVE SCHEDULE OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Water Sales	4,033,381	3,684,330
Sewer Sales	2,748,061	2,450,769
Other Revenues	100,979	99,038
Total Operating Revenues	<u>6,882,421</u>	<u>6,234,137</u>
Operating Expenses		
Administrative		
Personnel Cost	156,223	154,256
Materials and Supplies	24,911	24,416
Other Services and Charges	145,168	95,022
Total Administration	<u>326,302</u>	<u>273,694</u>
Operations and Maintenance		
Personnel Cost	753,299	703,406
Materials and Supplies	146,983	118,197
Other Services and Charges	1,008,981	528,342
Total Operations and Maintenance	<u>1,909,263</u>	<u>1,349,945</u>
Water		
Personnel Cost	367,048	325,633
Materials and Supplies	1,488,648	1,588,908
Other Services and Charges	487,966	724,415
Total Water Production	<u>2,343,662</u>	<u>2,638,956</u>
Wastewater		
Personnel Cost	381,832	380,470
Materials and Supplies	85,569	64,545
Other Services and Charges	559,961	414,785
Total Wastewater Treatment	<u>1,027,362</u>	<u>859,800</u>
Depreciation	776,668	527,356
Total Operating Expenses	<u>6,383,257</u>	<u>5,649,751</u>
Operating Income	499,164	584,386
Nonoperating Revenue (Expenses)		
Interest on Investments	1,439	1,243
Grant Revenues	369,194	41,916
Interest Expense and Fiscal Charges	(97,139)	(97,040)
Net Nonoperating Revenues (Expenses)	<u>273,494</u>	<u>(53,881)</u>
Income Before Transfers	772,658	530,505

(Continued)



CITY OF BEEVILLE, TEXAS  
UTILITY FUND  
COMPARATIVE SCHEDULE OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2012 AND 2010

	<u>2013</u>	<u>2012</u>
Transfers In	112,564	446,135
Transfers Out	(571,388)	(280,029)
Net Operating Transfers	<u>(458,824)</u>	<u>166,106</u>
Net Change in Net Assets	313,834	696,611
Net Positions at Beginning of Year	<u>12,445,846</u>	<u>11,749,235</u>
NET POSITIONS END OF YEAR	<u><u>12,759,680</u></u>	<u><u>12,445,846</u></u>

**CITY OF BEEVILLE, TEXAS  
UTILITY FUND  
COMPARATIVE SCHEDULE OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Receipts from Customers	6,986,397	6,463,372
Payments to Suppliers	(4,030,006)	(3,652,152)
Payments to Employees	(1,688,078)	(1,589,421)
Net Cash Provided by Operating Activities	<u>1,268,313</u>	<u>1,221,799</u>
Cash Flows from Noncapital Financing Activities		
Net Transfers From (To) Other Funds	(449,190)	175,083
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(33,776)	(483,668)
Grants for Capital Improvements	369,194	41,916
Principal Paid on Long-term Debt	(142,447)	(95,570)
Interest Expense and Fiscal Charges	(94,205)	(94,371)
Net Cash Used for Capital and Related Financing Activities	<u>98,766</u>	<u>(631,693)</u>
Cash Flows from Investing Activities		
Interest on Investments	1,437	1,243
Net Decrease in Cash and Cash Equivalents	<u>919,326</u>	<u>766,432</u>
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	<u>1,831,111</u>	<u>1,064,679</u>
Cash and Cash Equivalents at End of Year, Including Restricted Accounts	<u><u>2,750,437</u></u>	<u><u>1,831,111</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	499,164	584,386
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used by) Operating Activities		
Depreciation	776,668	527,356
Change In:		
Receivables	40,801	214,695
Due to Other Funds	(13,396)	(122,511)
Net Pension Asset	(7,023)	--
Accounts Payable	(75,856)	27,548
Accrued Expenses	7,433	1,441
Compensated Absences	(22,653)	(25,656)
Customer Deposits	63,175	14,540
Net Cash Provided by Operating Activities	<u>1,268,313</u>	<u>1,221,799</u>
Noncash Investing, Capital and Financing Activities-		
Assets Acquired Through Capital Leases	<u>206,794</u>	<u>99,000</u>

**CITY OF BEEVILLE, TEXAS  
BEEVILLE WATER SUPPLY DISTRICT  
COMPARATIVE SCHEDULE OF NET POSITION  
SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	1,175,069	1,483,689
Receivables		
Taxes	65,677	59,644
Allowance for Uncollectible	(9,852)	(8,447)
Net Receivables	<u>55,825</u>	<u>51,197</u>
Due from Other Funds	16	16
Total Current Assets	<u>1,230,910</u>	<u>1,534,902</u>
Bone Issue Cost	59,084	127,055
Capital Assets		
Construction in Progress	--	1,800,670
Machinery and Equipment	10,795,247	8,493,921
Accumulated Depreciation	(4,887,308)	(4,674,441)
Net Capital Assets	<u>5,907,939</u>	<u>5,620,150</u>
Total Assets	<u>7,197,933</u>	<u>7,282,107</u>
<b>LIABILITIES</b>		
Accounts Payable	16	16
Contractor Retainage Payable	159,382	159,382
Due to Other Funds	45,593	45,593
Current Portion of Long-Term Liabilities		
Long-Term Debt	<u>760,000</u>	<u>740,000</u>
Total Current Liabilities	<u>964,991</u>	<u>944,991</u>
Long-Term Liabilities		
Long-Term Debt	<u>717,772</u>	<u>1,483,216</u>
Total Liabilities	<u>1,682,763</u>	<u>2,428,207</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	4,868,609	4,326,734
Unrestricted	<u>646,561</u>	<u>527,166</u>
TOTAL NET POSITION	<u>5,515,170</u>	<u>4,853,900</u>

**CITY OF BEEVILLE, TEXAS  
BEEVILLE WATER SUPPLY DISTRICT  
SCHEDULE OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Operating Expenses		
Administrative		
Personnel Cost	4,837	4,197
Materials and Supplies	40	--
Other Services and Charges	30,952	83,608
Total Administration	<u>35,829</u>	<u>87,805</u>
Water Production		
Other Services and Charges	3,126	32,046
Depreciation	212,867	177,778
Total Operating Expenses	<u>251,822</u>	<u>297,629</u>
Operating Loss	(251,822)	(297,629)
Nonoperating Revenue (Expenses)		
Ad Valorem Taxes	773,213	516,025
Interest on Investments	1,030	689
Interest Expense and Fiscal Charges	(86,991)	(68,968)
Other Revenue	--	1,255
Net Nonoperating Revenues (Expenses)	<u>687,252</u>	<u>449,001</u>
Income Before Transfers	435,430	151,372
Transfers In	<u>225,840</u>	<u>33,175</u>
Net Change in Net Position	661,270	184,547
Net Assets at Beginning of Year	<u>4,853,900</u>	<u>4,669,353</u>
NET POSITION END OF YEAR	<u>5,515,170</u>	<u>4,853,900</u>

**CITY OF BEEVILLE, TEXAS  
BEEVILLE WATER SUPPLY DISTRICT  
COMPARATIVE SCHEDULE OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Taxes and Other Receipts	768,583	524,044
Payments to Suppliers	(34,116)	(115,426)
Payments to Employees	(4,837)	(4,197)
Net Cash Provided by Operating Activities	<u>729,630</u>	<u>404,421</u>
Cash Flows from Noncapital Financing Activities		
Net Transfers From Other Funds	225,840	78,768
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(500,656)	(1,630,027)
Proceeds from Issuance of Revenue Bonds	67,971	1,357,250
Principal Paid on Long-term Debt	(740,000)	(395,000)
Interest Expense and Fiscal Charges	(92,435)	(77,050)
Net Cash Used for Capital and Related Financing Activities	<u>(1,265,120)</u>	<u>(744,827)</u>
Cash Flows from Investing Activities		
Interest on Investments	1,030	689
Net Decrease in Cash and Cash Equivalents	<u>(308,620)</u>	<u>(260,949)</u>
Cash and Cash Equivalents at Beginning of Year, Including Restricted Accounts	<u>1,483,689</u>	<u>1,744,638</u>
Cash and Cash Equivalents at End of Year	<u><u>1,175,069</u></u>	<u><u>1,483,689</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Loss	(251,822)	(297,629)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	212,867	177,778
Taxes and Other Income	773,215	517,280
Change In:		
Receivables	(4,630)	6,764
Accounts Payable	--	228
Net Cash Provided by Operating Activities	<u>729,630</u>	<u>404,421</u>



# **Report on Internal Controls Over Financial Reporting and Compliance**





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

November 19, 2014

The Honorable Mayor and  
Members of the City Council  
City of Beeville, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beeville, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2013-1 and 2012-1 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider deficiencies 2013-2, 2013-3, 2012-2 and 2012-5 described in the accompanying schedule of findings to be significant deficiencies.

### Compliance and Other Matters

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

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

Collier, Johnson & Woods

**CITY OF BEEVILLE, TEXAS  
SCHEDULE OF FINDINGS**

Findings – Financial Statement Audit

**Material Weakness**

**2013-1**

Condition: The utility and garbage active accounts receivable did not agree to the accounting records. Analysis showed that accounts were made inactive but balances were not being written-off.

Criteria: Accounts receivable should be reconciled to the general ledger at least monthly and accounts should be charged-off after appropriate approval.

Cause: Accounts receivable are not being properly reconciled and there are no approval procedures in place for the write-off of balances.

Effect: Accounts receivable balances were overstated by over \$83,000. Having one person with the ability to write-off accounts without approval can allow accounts to be written-off improperly.

Recommendation: Reconcile accounts receivable to the general ledger monthly and implement an approval procedure for the write-off of balances.

**Prior Year Material Weakness**

**2012-1**

Condition: The City had a director of finance who performed incompatible duties by approving transactions, recording transactions and reconciling the accounts. In many cases the reconciliation were not being properly performed.

Criteria: There should be a segregation of duties between the authorization of financial transactions, the recording of those financial transactions and the reconciliation of accounts.

Cause: The Director of Finance authorized transaction and was responsible for recording the transactions. Additionally, bank reconciliations and other account reconciliations were under that same persons control and not being done on a regular basis.

Effect: Having one person with the ability to authorize and record transactions can allow material misstatement of the entity's financial statements to go undetected and not be corrected on a timely basis.

Recommendation: The hiring of a qualified Director of Finance responsible for the recording and reconciliation of transactions will help mitigate the weakness but City the Manager needs to make certain the reconciliation are being made on a regular basis.

## **Significant Deficiencies**

### **2013-2**

Condition: The City deposits all ad valorem taxes in the general fund then reverses them and transfer them to the BWSO and the Reinvestment Zone. This is complicated and cumbersome process to allocate ad valorem taxes to the proper funds when the deposits are received. The interest and sinking portion of ad valorem taxes are being recorded in the general fund rather the debt service fund. Discount and fees are being netted against ad valorem tax revenues.

Criteria: The City should allocate ad valorem taxes to the proper funds when the deposits are received. The interest and sinking portion of ad valorem taxes should be recorded in the debt service fund. Discounts and fees should be broken out separately to better account for these items.

Cause: This is the way it was done when using multiple bank accounts, and when pool cash accounts were added to the debt service, BWSO and reinvestment zone funds the procedures were never changed despite previous recommendations.

Effect: There general fund ad valorem taxes revenue was overstated by \$33,000 and the Reinvestment Zone was understated for the same amount. Accounting and reconciling taxes to the tax office confirmation was complicated and required significant additional time to properly account for ad valorem tax revenue.

Recommendation: Account for ad valorem in the appropriate funds when the deposit is received. this is much less complicate and the use of pooled cash accounts facilitates the process.

### **2013-3**

Condition: The City has over \$600,000 in due to and due from different accounts. Many of these are from prior years.

Criteria: Due to/from other fund balances should be cleared regularly.

Cause: City has not cleared due to/from other fund accounts in over years.

Effect: Individual funds show large due to and due to balances that are confusing.

Recommendations: All due to/from other fund balances should be cleared in the individual funds by transferring cash.

## **Prior Year Significant Deficiencies**

### **2012-2**

Condition: Numerous significant adjustments were detected and proposed by the auditor in order to prepare the annual financial statements.

Criteria: The City should maintain an accurate system of financial reporting that produces timely and accurate financial information. Some changes were made since our prior year audit; many of the deficiencies reported last year still exist and some additional matters came to our attention.

Cause: There are multiple causes of this condition. The following are some of the major issues that were encountered in the audit.

- The City used account receivable audit accounts for unidentified differences. These accounts contain many different errors and correcting them require significant time. The problem is compounded by the fact that it requires going back through multiple accounts that have been incorrectly adjusted to find the original source document that is needed to correct the account balances.
- There were outstanding items on the pooled cash reconciliation that were invalid items or errors. Several related to corrections made in the prior year but were not removed from the reconciliations.
- There were open items on the accounts payable listing that were invalid items or errors. Several related to corrections made in the prior year.
- Correcting the accounting records from the initial balances provided by the City required 70 adjusting entries to correct errors and adjust for item not accounted for by the City.

Effect: Transactions are not being recorded accurately. This could result in the City Council making decisions on incorrect information. Also, there is a potential inability to recognize inaccuracies or fraud on a timely basis. Audit time is significantly increased.

Recommendation: The following are recommendations for improvements:

- All accounts payable detail needs to be reviewed monthly to determine that all open items are valid and corrections are made timely.
- Procedures should be set up to assure transactions are distributed to the correct accounts during the initial recording.

## **2012-5**

**Condition:** The City converted their health insurance plan from a fully insured plan to a self insurance plan, but continued to account for it as a fully insured plan. The City is not reviewing the insurance claims trends or evaluating their exposure.

**Criteria:** Self insured plans must record actual claims and not payments to the third party administrator as expenditures.

**Cause:** Choice made by City.

**Effect:** Health insurance costs were overstated by over \$120,000. Additionally, the City has taken on the risk previously covered by the insurance company.

**Recommendation:** The health insurance should be set up as an internal service fund. The City should regularly review the claims history to evaluate risk. The City needs to annually adjust expenditures for actual claims and not amounts sent to the third party administrator.