

ANNUAL FINANCIAL REPORT

of the

**CITY OF CLEAR LAKE SHORES,
TEXAS**

**For the Year Ended
September 30, 2015**

CITY OF CLEAR LAKE SHORES, TEXAS

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September 30, 2015

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Clear Lake Shores, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Clear Lake Shores, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City'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 City'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.

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ADDING TEXAS GOVERNMENTS WITH EXCELLENCE

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

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 29, 2016

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

CITY OF CLEAR LAKE SHORES, TEXAS

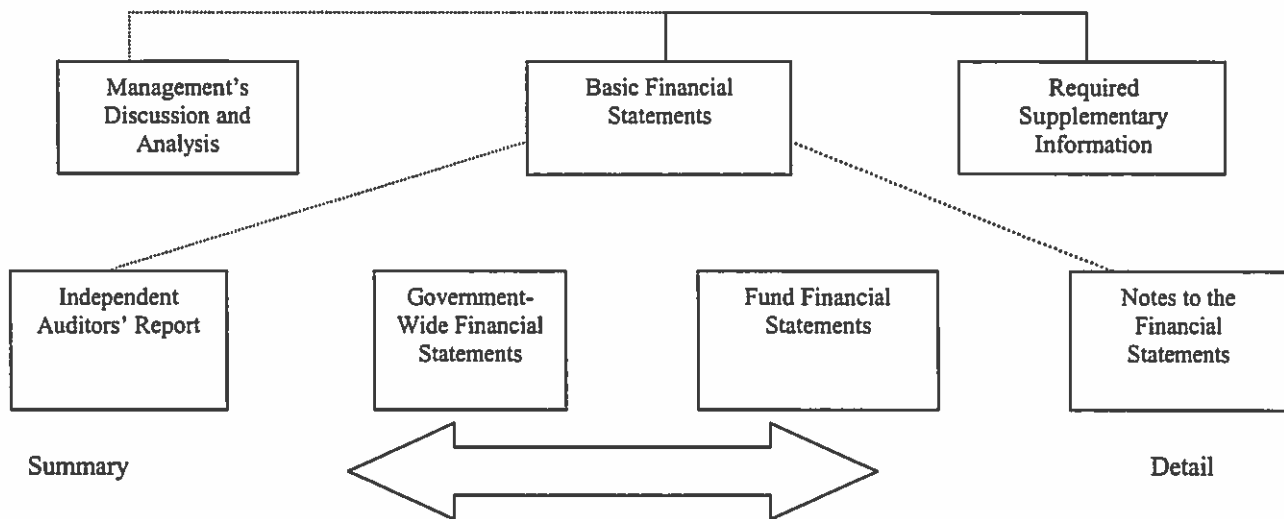
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2015

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Clear Lake Shores, Texas (the "City") for the year ending September 30, 2015. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

CITY OF CLEAR LAKE SHORES, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The City adopts an annual appropriated budget for its general fund and each of the special revenue funds. A budgetary comparison schedule has been provided for each of these funds to demonstrate compliance with their respective budgets.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and roads and drainage fund, as well as a schedule of changes in net pension liability and related ratios, and schedule of contributions. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities by \$11,119,465 as of year end in the primary government. The largest portion of the City's net position, 63 percent, reflects its investments in capital assets (e.g., land, City Hall, streets, and equipment), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt, if applicable, must be provided from other sources since the assets themselves cannot be used to liquidate these liabilities.

CITY OF CLEAR LAKE SHORES, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2015

Statement of Activities

The following table provides a summary of the City's changes in net position:

	Governmental Activities		Component Unit	
	2015	2014	2015	2014
Revenues				
Program revenues:				
Charges for services	\$ 584,406	\$ 573,945	\$ -	\$ -
Capital grants and contributions	-	226,301	-	-
General revenues:				
Property taxes	134	-	-	-
Sales taxes	1,803,343	1,667,277	253,397	234,193
Franchise and local taxes	170,298	163,348	-	-
Investment earnings	3,467	1,685	241	145
Gain on sale of asset	2,900	5,443	-	-
Other revenues	98,273	48,350	10,068	-
Total Revenues	<u>2,662,821</u>	<u>2,686,349</u>	<u>263,706</u>	<u>234,338</u>
Expenses				
General government	514,494	450,078	77,778	64,724
Police	791,293	565,826	-	-
Municipal court	168,666	156,638	-	-
Public safety	52,914	43,106	-	-
Public works	552,343	483,852	-	-
Roads and drainage	128,397	49,280	-	-
Total Expenses	<u>2,208,107</u>	<u>1,748,780</u>	<u>77,778</u>	<u>64,724</u>
Change in Net Position	454,714	937,569	185,928	169,614
Beginning net position	<u>10,664,751</u>	<u>9,727,182</u>	<u>1,001,317</u>	<u>831,703</u>
Ending Net Position	<u>\$ 11,119,465</u>	<u>\$ 10,664,751</u>	<u>\$ 1,187,245</u>	<u>\$ 1,001,317</u>

For the year ended September 30, 2015, revenues from governmental activities totaled \$2,662,821, a decrease of \$23,528 or one percent compared to the prior year. The majority of this change is due to a decrease in capital grants and contributions, offset by an increase in sales tax. Sales tax increased as a result of improved economic conditions. Capital grant and contributions decreased due to the completion of a GLO grant in the prior year.

As of the end of the fiscal year, expenses for governmental activities totaled \$2,208,107, which represents an increase from 2014 of \$459,327, or 26 percent. Expenses were higher than the prior year primarily due to increased salary and benefit expenses and various one-time expenses related to landscaping expenditures and sign purchases. Roads and drainage expenses were higher than the prior year to due to maintenance and repair projects finishing up with the majority of the expenses falling in the current fiscal year.

CITY OF CLEAR LAKE SHORES, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

LONG-TERM DEBT

At the end of the current year, the City had total long-term liabilities of \$240,030 that consisted of a net pension liability and compensated absences.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's elected and appointed officials considered many factors when setting the fiscal year 2015/2016 budget and tax rate. As in past years, the general fund's largest revenue source is sales tax receipts. In 2007, the City voted to increase the sales tax rate in a continued effort to reduce property taxes and, as a result, the City has been able to reduce the tax rate to zero in every year beginning with the 2008 tax year.

Other than operating expenditures, the City's major budgeted expenditures for fiscal year 2015/2016 are in the area of infrastructure (street paving and drainage).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to George K. Jones, City Administrator, City Hall, 1006 South Shore Drive, Clear Lake Shores, Texas, 77565; telephone 281.334.2799, ext. 200.

BASIC FINANCIAL STATEMENTS

CITY OF CLEAR LAKE SHORES, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Governmental Activities	Component Unit
<u>Assets</u>		
Cash and cash equivalents	\$ 4,058,629	\$ 380,604
Receivables, net	351,081	-
Prepays	44,457	-
Due from primary government	-	39,752
	4,454,167	420,356
Capital assets:		
Non-depreciable	1,866,346	-
Net depreciable capital assets	5,127,004	766,889
	6,993,350	766,889
Total Assets	11,447,517	1,187,245
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pension	81,709	-
<u>Liabilities</u>		
Accounts payable and accrued liabilities	129,979	-
Due to component unit	39,752	-
	169,731	-
Noncurrent liabilities:		
Long-term liabilities due within one year	16,470	-
Long-term liabilities due in more than one year	223,560	-
	240,030	-
Total Liabilities	409,761	-
<u>Net Position</u>		
Net investment in capital assets	6,993,350	766,889
Restricted:		
Enabling legislation	101,581	-
Roads and drainage	1,006,023	-
Plaza Ten 06	28,885	-
PEG fees	15,279	-
Unrestricted	2,974,347	420,356
Total Net Position	\$ 11,119,465	\$ 1,187,245

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position	
			Primary Governmental Activities	Component Unit
Primary Government				
Governmental Activities				
General government	\$ 514,494	\$ -	\$ (514,494)	\$ -
Police	791,293	440,383	(350,910)	-
Municipal court	168,666	-	(168,666)	-
Public safety	52,914	-	(52,914)	-
Public works	552,343	144,023	(408,320)	-
Roads and drainage	128,397	-	(128,397)	-
Total Governmental Activities	2,208,107	584,406	(1,623,701)	-
Total Primary Government	\$ 2,208,107	\$ 584,406	(1,623,701)	-
Component Unit				
Clear Lake Shores Economic Development Corporation	\$ 77,778	\$ -	-	(77,778)
Total Component Unit	\$ 77,778	\$ -	-	(77,778)
General Revenues:				
Taxes				
Property taxes			134	-
Sales taxes			1,803,343	253,397
Franchise fees and local taxes			170,298	-
Investment earnings			3,467	241
Gain on sale of capital assets			2,900	-
Other revenues			98,273	10,068
Total General Revenues			2,078,415	263,706
Change in Net Position			454,714	185,928
Beginning net position			10,664,751	1,001,317
Ending Net Position			\$ 11,119,465	\$ 1,187,245

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2015

	General	Roads and Drainage	Nonmajor Governmental	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 3,002,385	\$ 972,994	\$ 83,250	\$ 4,058,629
Receivables	351,081	-	-	351,081
Prepays and other assets	44,457	-	-	44,457
Due from other funds	-	39,752	-	39,752
Total Assets	\$ 3,397,923	\$ 1,012,746	\$ 83,250	\$ 4,493,919
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 123,029	\$ 6,723	\$ 227	\$ 129,979
Due to other funds	39,752	-	-	39,752
Due to component unit	39,752	-	-	39,752
Total Liabilities	202,533	6,723	227	209,483
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	3,601	-	-	3,601
<u>Fund Balances</u>				
Nonspendable	44,457	-	-	44,457
Restricted:				
Enabling legislation	101,581	-	-	101,581
Roads and drainage	-	1,006,023	-	1,006,023
Plaza Ten 06	-	-	28,885	28,885
PEG fees	15,279	-	-	15,279
Assigned:				
Capital replacement	-	-	54,138	54,138
Unassigned	3,030,472	-	-	3,030,472
Total Fund Balances	3,191,789	1,006,023	83,023	4,280,835
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,397,923	\$ 1,012,746	\$ 83,250	\$ 4,493,919

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

September 30, 2015

Total fund balances for governmental funds	\$	4,280,835
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.		
Capital assets - non-depreciable		1,866,346
Capital assets - net depreciable		5,127,004
Deferred outflows related to pension activity		81,709
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		3,601
Some liabilities, including notes payable, are not reported as liabilities in the governmental funds.		
Non-current liabilities due within one year		(16,470)
Non-current liabilities due in more than one year		(223,560)
Net Position of Governmental Activities	\$	<u>11,119,465</u>

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	General	Roads and Drainage	Nonmajor Governmental	Total Governmental Funds
Revenues				
Property taxes	\$ 7	\$ -	\$ -	\$ 7
Sales taxes	1,549,946	253,397	-	1,803,343
Franchise fees and local taxes	170,298	-	-	170,298
Licenses and permits	104,927	-	-	104,927
Fines and forfeitures	440,383	-	-	440,383
Charges for services	39,096	-	-	39,096
Investment earnings	2,451	936	80	3,467
Other revenue	94,379	-	3,894	98,273
Total Revenues	2,401,487	254,333	3,974	2,659,794
Expenditures				
Current:				
General government	511,531	-	12,895	524,426
Police	737,779	-	-	737,779
Municipal court	165,926	-	-	165,926
Public safety	51,804	-	-	51,804
Public works	315,362	-	-	315,362
Roads and drainage	-	538,094	-	538,094
Capital outlay	-	-	77,944	77,944
Total Expenditures	1,782,402	538,094	90,839	2,411,335
Excess (Deficiency) of Revenues Over (Under) Expenditures	619,085	(283,761)	(86,865)	248,459
Other Financing Sources (Uses)				
Transfers in	-	100,000	60,000	160,000
Transfers (out)	(160,000)	-	-	(160,000)
Sale of capital assets	-	-	2,900	2,900
Total Other Financing Sources (Uses)	(160,000)	100,000	62,900	2,900
Net Change in Fund Balances	459,085	(183,761)	(23,965)	251,359
Beginning fund balances	2,732,704	1,189,784	106,988	4,029,476
Ending Fund Balances	\$ 3,191,789	\$ 1,006,023	\$ 83,023	\$ 4,280,835

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

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

Net changes in fund balances - total governmental funds	\$	251,359
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital purchases		571,307
Depreciation expense		(347,413)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		127
<p>Net pension liability, deferred outflows, and deferred inflows related to the net pension liability are reported in the governmental funds.</p>		
Net pension liability		(60,690)
Deferred outflows - pension		38,928
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		1,096
Change in Net Position of Governmental Activities	\$	<u>454,714</u>

See Notes to Financial Statements.

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Clear Lake Shores, Texas (the "City") was incorporated November 13, 1962. The City Council is the principal legislative body of the City.

The City provides the following services: public safety to include police, fire, and emergency medical services; as well as parks, recreation, public improvements, and general administration.

The City is an independent political subdivision of the State of Texas, governed by an elected council and a mayor, and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Clear Lake Shores Economic Development Corporation and Plaza Ten 06 Corporation, although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to 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.

Discretely Presented Component Unit

Clear Lake Shores Economic Development Corporation

Clear Lake Shores Economic Development Corporation (EDC) has been included in the reporting entity as a discretely presented component unit. The City formed the EDC, which was created by voters approving an additional sales tax. State law allows the City to collect sales tax to assist in the promotion and development activities of the City. The EDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by, and serves at the discretion of, the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the EDC shall be conveyed to the City. Separate financial statements of the EDC may be obtained from the City.

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted or assigned by City Council to expenditures for specified purposes. The special revenue funds include roads and drainage fund, capital equipment fund, and the blended component unit, the Plaza Ten 06 Corporation. The roads and drainage special revenue fund is considered a major fund for reporting purposes.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. The City does not capitalize net interest cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Property, infrastructure, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Furniture and equipment	4 to 10 years
Infrastructure	20 to 50 years
Buildings and improvements	10 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category on the government-wide statement of net position. Deferred charges have been recognized as a result of differences between the actuarial expectations and the actual economic experience and for the changes between projected and actual investment earnings related to the City's defined benefit pension plan. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick, and compensatory time. Employees may elect to receive payments for accrued vacation time in advance with approval. Unpaid amounts accumulated may be paid to employees upon termination of employment. All eligible time is accrued when incurred in the government-wide financial statements.

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

12. Estimates

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

13. Pensions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Effective October 1, 2007, a new sales tax rate took effect allowing the City to adopt a property tax rate of zero.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general fund and all special revenue funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the municipal code of general law is the object and purpose stated in the approved budget. City Council may amend the budget throughout the year. Appropriations lapse at the end of the year. Supplemental budget appropriations were made for the year.

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

B. Receivables

The following comprise receivable balances at year end:

	General
Property taxes	\$ 3,261
Sales taxes	318,015
Other taxes	29,805
	\$ 351,081

C. Capital Assets

A summary of changes in capital assets at year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,866,346	\$ -	\$ -	\$ 1,866,346
Construction in progress	100,707	-	(100,707)	-
Total capital assets not being depreciated	1,967,053	-	(100,707)	1,866,346
Other capital assets:				
Infrastructure	6,469,844	510,403	-	6,980,247
Buildings and improvements	1,109,447	70,343	-	1,179,790
Furniture and equipment	606,510	91,268	-	697,778
Total other capital assets	8,185,801	672,014	-	8,857,815
Less accumulated depreciation for:				
Infrastructure	(2,578,009)	(240,902)	-	(2,818,911)
Buildings and improvements	(510,516)	(38,558)	-	(549,074)
Furniture and equipment	(294,873)	(67,953)	-	(362,826)
Total accumulated depreciation	(3,383,398)	(347,413)	-	(3,730,811)
Other capital assets, net	4,802,403	324,601	-	5,127,004
Governmental activities capital assets, net	\$ 6,769,456	\$ 324,601	\$ (100,707)	\$ 6,993,350

Depreciation was charged to governmental functions as follows:

General government	\$ 65,782
Police	40,729
Public works	240,902
Total Governmental Activities Depreciation Expense	\$ 347,413

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

E. Interfund Transactions

Transfers between the primary government funds during the year were as follows:

Transfer Out	Transfer In	Amounts
General fund	Nonmajor governmental	\$ 60,000
General fund	Roads and drainage fund	100,000
		\$ 160,000

Transfers were made between the general fund and the roads and drainage fund to fund capital expenditures.

The composition of interfund balances as of year end was as follows:

Receivable Fund	Payable Fund	Amounts
Roads and drainage fund	General fund	\$ 39,752

The outstanding balance in the general fund represent sales tax due to the roads and drainage fund.

F. Restatement of Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for a net pension liability as of the initial measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year September 30, 2014. Net position was also restated to remove the TMRS net pension obligation, as previously reported.

The beginning net position was restated as follows:

	Governmental Activities Net Position
Prior year ending net position/fund balance as reported	\$ 10,770,823
Restatement - net pension liability	(161,040)
Restatement - deferred outflows	42,781
Restatement - net pension obligation	12,187
Restated beginning net position/fund balance	\$ 10,664,751

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

Benefits Provided

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

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

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

	2015	2014
Employee deposit rate	6.00%	6.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	11
Active employees	15
Total	30

Contributions

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

Employees for the City were required to contribute six percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 9.77 percent and 10.89 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$75,670 and were equal to the required contributions.

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

CITY OF CLEAR LAKE SHORES, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended September 30, 2015

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

For the fiscal year ended September 30, 2015, the City recognized pension expense of \$97,433.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 14,744	\$ -
Difference between projected and actual investment earnings	10,149	-
Contributions subsequent to the measurement date	56,816	-
Total	\$ 81,709	\$ -

\$56,816 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense Amount
2016	\$ 6,700
2017	6,700
2018	6,700
2019	4,793
Total	\$ 24,893

2. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CLEAR LAKE SHORES, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2015
 With Comparative Totals for the Year Ended September 30, 2014

	Budgeted Amounts		Actual	Variance	2014
	Original Budget	Final Budget as Amended		with Final Budget Positive (Negative)	
Revenues					
Taxes:					
Property	\$ -	\$ -	\$ 7	\$ 7	\$ -
Sales	1,358,800	1,485,925	1,549,946	64,021	1,433,084
Franchise and local	162,600	169,440	170,298	858	163,348
Licenses and permits	55,465	86,780	104,927	18,147	106,233
Fines and forfeitures	341,000	397,600	440,383	42,783	428,541
Charges for services	38,625	39,755	39,096	(659)	39,171
Investment earnings	1,200	975	1,073	98	884
Other revenue	33,875	37,300	94,379	57,079	31,265
Total Revenues	<u>1,991,565</u>	<u>2,217,775</u>	<u>2,400,109</u>	<u>182,334</u>	<u>2,202,526</u>
Expenditures					
Current:					
General government	600,226	552,265	511,531	40,734	447,261
Police	762,070	754,728	737,779	16,949	540,480
Municipal court	173,959	177,909	165,926	11,983	157,033
Public safety	44,045	51,804	51,804	-	43,106
Public works	326,873	319,352	315,362	3,990	266,759
Total Expenditures	<u>1,907,173</u>	<u>1,856,058</u>	<u>1,782,402</u>	<u>73,656</u>	<u>1,454,639</u>
Excess of Revenues Over Expenditures	<u>84,392</u>	<u>361,717</u>	<u>617,707</u>	<u>255,990</u>	<u>747,887</u>
Other Financing Sources (Uses)					
Transfers (out)	(260,000)	(494,050)	(494,050)	-	(650,000)
Total Other Financing (Uses)	<u>(260,000)</u>	<u>(494,050)</u>	<u>(494,050)</u>	<u>-</u>	<u>(650,000)</u>
Net Change in Fund Balance	<u>\$ (175,608)</u>	<u>\$ (132,333)</u>	<u>123,657</u>	<u>\$ 255,990</u>	<u>\$ 97,887</u>

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP).
- The schedule above only includes activity for the general fund. Reconciliation to net change in fund balance on page 25:

Interest income	1,378
Transfer in	334,050
Net Change in Fund Balance	<u>\$ 459,085</u>

CITY OF CLEAR LAKE SHORES, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - ROADS AND DRAINAGE FUND
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget as Amended</u>		
<u>Revenues</u>				
Sales taxes	\$ 222,300	\$ 242,987	\$ 253,397	\$ 10,410
Investment earnings	500	810	936	126
Total Revenues	<u>222,800</u>	<u>243,797</u>	<u>254,333</u>	<u>10,536</u>
<u>Expenditures</u>				
Roads and drainage	700,000	700,000	538,094	161,906
Total Expenditures	<u>700,000</u>	<u>700,000</u>	<u>538,094</u>	<u>161,906</u>
(Deficiency) of Revenues(Under) Expenditures	<u>(477,200)</u>	<u>(456,203)</u>	<u>(283,761)</u>	<u>172,442</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (377,200)</u>	<u>\$ (356,203)</u>	<u>(183,761)</u>	<u>\$ 172,442</u>
Beginning fund balance			<u>1,189,784</u>	
Ending Fund Balance			<u>\$ 1,006,023</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF CLEAR LAKE SHORES, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2015

	Measurement
	Year
	2014*
Total Pension Liability	
Service cost	\$ 81,886
Interest (on the total pension liability)	84,487
Changes of benefit terms	30,927
Difference between expected and actual experience	18,907
Benefit payments, including refunds of employee contributions	(33,495)
Net Change in Total Pension Liability	182,712
Beginning total pension liability	1,151,834
Ending Total Pension Liability	\$ 1,334,546
Plan Fiduciary Net Position	
Contributions - employer	\$ 61,636
Contributions - employee	37,852
Net investment income	56,670
Benefit payments, including refunds of employee contributions	(33,495)
Administrative expense	(592)
Other	(49)
Net Change in Plan Fiduciary Net Position	122,022
Beginning plan fiduciary net position	990,794
Ending Plan Fiduciary Net Position	\$ 1,112,816
Net Pension Liability	\$ 221,730
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.39%
Covered Employee Payroll	\$ 630,866
Net Pension Liability as a Percentage of Covered Employee Payroll	35.15%

*Only one year of information is currently available. The City will build this schedule over the next nine-year period.

CITY OF CLEAR LAKE SHORES, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2015

	Fiscal Year*
	2015
Actuarially determined contribution	\$ 75,670
Contributions in relation to the actuarially determined contribution	75,670
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 714,704
Contributions as a percentage of covered employee payroll	10.59%

Notes to Required Supplementary Information:

1. * Only one year of information is currently available. The City will build this schedule over the next nine year period.
2. Valuation Date:

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

3. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.0% including inflation
Investment rate of return	7.0%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

4. Other Information:

Adopted 20 year, any age retirement eligibility.

***COMBINING STATEMENTS
AND SCHEDULES***

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted or assigned to expenditures for specific purposes.

Plaza Ten 06 Corporation is a nonprofit corporation and local government corporation organized by the City for the purpose of acquiring land and/or buildings within the extraterritorial jurisdiction of the City and the subsequent planning for, and redevelopment of, such properties.

The capital equipment fund, formerly referred to as the vehicle acquisition fund, is used to account for funds intended to be used for purchase and/or replacement of City equipment.

CITY OF CLEAR LAKE SHORES, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

	Plaza Ten 06 Corporation	Capital Equipment*	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 29,112	\$ 54,138	\$ 83,250
Total Assets	\$ 29,112	\$ 54,138	\$ 83,250
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 227	\$ -	\$ 227
Total Liabilities	227	-	227
<u>Fund Balances</u>			
Restricted	28,885	-	28,885
Assigned	-	54,138	54,138
Total Fund Balances	28,885	54,138	83,023
Total Liabilities and Fund Balances	\$ 29,112	\$ 54,138	\$ 83,250

* Capital equipment fund formerly referred to as the vehicle acquisition fund.

CITY OF CLEAR LAKE SHORES, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	Plaza Ten 06 Corporation	Capital Equipment*	Total Governmental Funds
Revenues			
Investment earnings	\$ 27	\$ 53	\$ 80
Other revenue	3,894	-	3,894
Total Revenues	<u>3,921</u>	<u>53</u>	<u>3,974</u>
Expenditures			
Current:			
General government	12,895	-	12,895
Capital outlay	-	77,944	77,944
Total Expenditures	<u>12,895</u>	<u>77,944</u>	<u>90,839</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(8,974)</u>	<u>(77,891)</u>	<u>(86,865)</u>
Other Financing Sources (Uses)			
Transfers in	-	60,000	60,000
Sale of capital assets	-	2,900	2,900
Total Other Financing Sources	<u>-</u>	<u>62,900</u>	<u>62,900</u>
Net Change in Fund Balances	<u>(8,974)</u>	<u>(14,991)</u>	<u>(23,965)</u>
Beginning fund balances	37,859	69,129	106,988
Ending Fund Balances	<u>\$ 28,885</u>	<u>\$ 54,138</u>	<u>\$ 83,023</u>

* Capital equipment fund formerly referred to as the vehicle acquisition fund.

CITY OF CLEAR LAKE SHORES, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - CAPITAL EQUIPMENT FUND*
For the Year Ended September 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment earnings	\$ 20	\$ 53	\$ 33
Total Revenues	<u>20</u>	<u>53</u>	<u>33</u>
<u>Expenditures</u>			
Capital outlay	80,000	77,944	2,056
Total Expenditures	<u>80,000</u>	<u>77,944</u>	<u>2,056</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(79,980)</u>	<u>(77,891)</u>	<u>2,089</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	60,000	60,000	-
Sale of capital assets	3,000	2,900	(100)
Total Other Financing Sources	<u>63,000</u>	<u>62,900</u>	<u>(100)</u>
Net Change in Fund Balance	<u>\$ (16,980)</u>	<u>(14,991)</u>	<u>\$ 1,989</u>
Beginning fund balance		<u>69,129</u>	
Ending Fund Balance		<u>\$ 54,138</u>	

* Capital equipment fund formerly referred to as the vehicle acquisition fund.

CITY OF CLEAR LAKE SHORES, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - PLAZA TEN 06 CORPORATION
For the Year Ended September 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Investment earnings	\$ 20	\$ 27	\$ 7
Other revenue	18,900	3,894	(15,006)
Total Revenues	<u>18,920</u>	<u>3,921</u>	<u>(14,999)</u>
<u>Expenditures</u>			
General government	46,125	12,895	33,230
Total Expenditures	<u>46,125</u>	<u>12,895</u>	<u>33,230</u>
Net Change in Fund Balance	<u>\$ (27,205)</u>	<u>(8,974)</u>	<u>\$ 18,231</u>
Beginning fund balance		<u>37,859</u>	
Ending Fund Balance		<u>\$ 28,885</u>	

CITY OF CLEAR LAKE SHORES, TEXAS
COMBINING SCHEDULE - BALANCE SHEET
SUBFUNDS OF THE GENERAL FUND

September 30, 2015

	General	Rainy Day	Total General Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 1,251,271	\$ 1,751,114	\$ 3,002,385
Receivables	351,081	-	351,081
Prepays and other assets	44,457	-	44,457
Total Assets	\$ 1,646,809	\$ 1,751,114	\$ 3,397,923
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 123,029	\$ -	\$ 123,029
Due to other funds	39,752	-	39,752
Due to component unit	39,752	-	39,752
Total Liabilities	202,533	-	202,533
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	3,601	-	3,601
<u>Fund Balances</u>			
Nonspendable	44,457	-	44,457
Restricted:			
Enabling legislation	101,581	-	101,581
PEG fees	15,279	-	15,279
Unassigned	1,279,358	1,751,114	3,030,472
Total Fund Balances	1,440,675	1,751,114	3,191,789
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,646,809	\$ 1,751,114	\$ 3,397,923

CITY OF CLEAR LAKE SHORES, TEXAS
COMBINING SCHEDULE - STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
SUBFUNDS OF THE GENERAL FUND
For the Year Ended September 30, 2015

	General	Rainy Day	Total General Fund
Revenues			
Property taxes	7	-	7
Sales taxes	\$ 1,549,946	\$ -	\$ 1,549,946
Franchise fees and local taxes	170,298	-	170,298
Licenses and permits	104,927	-	104,927
Fines and forfeitures	440,383	-	440,383
Charges for services	39,096	-	39,096
Investment earnings	1,073	1,378	2,451
Other revenue	94,379	-	94,379
Total Revenues	2,400,109	1,378	2,401,487
Expenditures			
Current:			
General government	511,531	-	511,531
Police	737,779	-	737,779
Municipal court	165,926	-	165,926
Public safety	51,804	-	51,804
Public works	315,362	-	315,362
Total Expenditures	1,782,402	-	1,782,402
Excess of Revenues Over Expenditures	617,707	1,378	619,085
Other Financing Sources (Uses)			
Transfers in (out)	(494,050)	334,050	(160,000)
Total Other Financing Sources (Uses)	(494,050)	334,050	(160,000)
Net Change in Fund Balances	123,657	335,428	459,085
Beginning fund balances	1,317,018	1,415,686	2,732,704
Ending Fund Balances	\$ 1,440,675	\$ 1,751,114	\$ 3,191,789