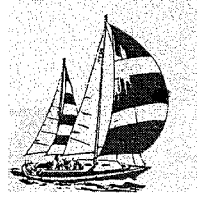


City of Shoreacres



NOTICE OF MEETING

Notice is hereby given that a Regular Meeting of the
City Council
of the City of Shoreacres, Texas, will be held on
Monday, June 23, 2014 at 7:00 p.m.
in the City Council Chambers on the first floor at City Hall, 601 Shore Acres Blvd.,
Shoreacres, Texas, at which time the following subjects will be discussed, to wit:

1.0 CALL TO ORDER / ROLL CALL: Members Present and Absent

2.0 PLEDGES OF ALLEGIANCE

Texas Pledge: Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.

3.0 SPECIAL PRESENTATIONS

3.1 FY-2012/2013 Financial Audit Report – Pattillio, Brown & Hill.

4.0 APPROVAL OF MINUTES

4.1 Regular Council Meeting: June 9, 2014.

5.0 COUNCIL REPORTS & REQUESTS

Mayor Moses – Mosquito control; street maintenance.

6.0 PUBLIC HEARINGS & PUBLIC COMMENTS

6.1 Citizen's Comments

This is the opportunity for the public to address council or comment on items which appear on the agenda. Time is limited to five minutes per speaker. Comments are to be directed to the city council and dialogue with the audience is not permitted. Councilmembers are prohibited by law from participating in discussion or deliberation of items not specifically identified on this agenda.

7.0 ADMINISTRATIVE REPORTS

7.1 City Administrator David Stall – General activity report.

7.1.1 TxDOT Sound Wall

7.1.2 West Forest Street & Water Line Project

7.1.3 Water Plant #1

7.2 Monthly Financial report. ^{Stall}

8.0 BUSINESS

8.1 Consideration and acceptance of Annual Financial Audit FY-2012/2013. ^{Stall}

8.2 Consideration and approval of invoices. ^{Stall}

- 8.3 Consideration and action to adopt Ordinance No. 2014-159 approving an amendment modifying a cooperative agreement between the city and Harris County (Ordinance No. 93-06) to reflect new requirements of the Community Development Block Grant (CDBG) and HOME Investment Partnership programs; and, authorizing the Mayor to execute such amendment to agreement. ^{Stall}
- 8.4 Consideration and action to appoint two members of City Council to the Audit Committee for a term beginning July 1, 2014, and ending on June 30, 2016. ^{Moses}
- 8.5 Consideration and action to appoint two citizen at large members to the Audit Committee for a term beginning July 1, 2014, and ending on June 30, 2016. ^{Moses}
- 8.6 Consideration and action to reconsider the requirement that department heads attend all regular city council meetings. ^{Bunker}

9.0 ADJOURNMENT

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Shoreacres, Texas is a true and correct copy of said Notice and that I posted a copy of said Notice on the bulletin board at City Hall on June 19, 2014 at or before 10:00 p.m., at a place convenient and readily accessible to the general public at all times; to remain so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

DATED THIS 19TH DAY OF JUNE 2014.

BY: 
David K. Stall, CFM, City Administrator / City Secretary



SHOREACRES, TEXAS

The City Council of the City of Shoreacres reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices) and 551.086 (Economic Development).

The City Council Chamber is wheelchair accessible and accessible parking spaces are available.

Requests for accommodations or interpretive services must be made at least two (2) working days prior to the meeting. Please contact City Office at 281.471.2244 or fax 281.471.8955 for additional information.

I, the undersigned, do hereby certify that this Notice of Meeting was removed from the City Hall bulletin board at _____ AM/PM on _____, 2014.

BY: _____



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

To the Honorable Mayor and
Members of the City Council
City of Shoreacres, Texas

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Shoreacres, Texas (the "City") for the year ended September 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the accumulated depreciation is based on the straight-line method. We evaluated the key factors and assumptions used to develop the accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

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281.671.6259
RIO GRANDE VALLEY, TX
956.544.7778

TEMPLE, TX
254.791.3460
ALBUQUERQUE, NM
505.266.5904


Governmental Audit
Quality Center

Management's estimate of the allowance for uncollectible property taxes is based on a historical rate of collection of outstanding property taxes at September 30, 2013. We evaluated the key factors and assumptions used to develop the allowance for uncollectible property taxes in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the allowance for uncollectible trade accounts receivable is based on a historical rate of trade accounts receivable. We evaluated the key factors and assumptions used to develop the allowance for uncollectible trade accounts receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 12, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information and the schedule of funding progress – Texas Municipal Retirement System, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Significant Forthcoming Accounting Standards

Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

Governmental Accounting Standards Board Statement No. 65 ("GASB 65"), *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information, as follows:

- More robust disclosures of assumptions will allow for better informed assessments of the reasonableness of pension measurements.
- Explanations of how and why the net pension liability changed from year to year will improve transparency.
- The summary net pension liability information, including ratios, will offer an indication of the extent to which the total pension liability is covered by resources held by the pension plan.
- The contribution schedules will provide measures to evaluate decisions related to the assessment of contribution rates—in comparison to actuarially, statutorily, or contractually determined rates, when such rates are determined. It also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with those contribution rates.

The consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions will be improved by requiring:

- The use of a discount rate that considers the availability of the pension plan's fiduciary net position associated with the pensions of current active and inactive employees and the investment horizon of those resources, rather than utilizing only the long-term expected rate of return regardless of whether the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and is expected to be invested using a strategy to achieve that return
- A single method of attributing the actuarial present value of projected benefit payments to periods of employee service, rather than allowing a choice among six methods with additional variations
- Immediate recognition in pension expense, rather than a choice of recognition periods, of the effects of changes of benefit terms and the effects of projected pension plan investment earnings
- Recognition of pension expense that incorporates deferred outflows of resources and deferred inflows of resources related to pensions over a defined, closed period, rather than a choice between an open or closed period.

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 12, 2014

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CITY OF SHOREACRES, TEXAS

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2013**

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CITY OF SHOREACRES, TEXAS

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CITY OF SHOREACRES, TEXAS

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FINANCIAL SECTION

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PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Shoreacres, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Shoreacres, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Shoreacres, Texas' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Shoreacres, 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 page 4 through 9 and the budgetary comparison information and the Schedule of Funding Progress – Texas Municipal Retirement System on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shoreacres, Texas' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2014, on our consideration of the City of Shoreacres, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Shoreacres, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 12, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the City of Shoreacres, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013.

FINANCIAL HIGHLIGHTS

- The assets of the City of Shoreacres exceeded its liabilities as of September 30, 2013, by \$6,416,306 (net position). Unrestricted net position of the City, however, was \$1,316,084 as of September 30, 2013. Unrestricted net position represents those assets that may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net positions increased by \$356,541 from 2012.
- As of the close of the current fiscal year, the City of Shoreacres' governmental fund reported an ending fund balance of \$1,048,201. The unassigned portion of the fund was \$1,048,201.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements, which begin on page 10 of this report, 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish 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, Municipal Court, Public Safety, Public Works, Highways and Streets and Culture and Recreation. The business-type activities of the City include Water, Sewer and Solid Waste activities.

Fund financial statements – A fund is a grouping of related 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 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. 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 fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary funds – The City maintains one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for Water, Sewer and Solid Waste operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements, which begin on page 16 of this report, provide information for the Water, Sewer and Solid Waste Enterprise Fund, since this is considered to be a major fund of the City.

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 19-31 of this report.

GOVERNMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Shoreacres, assets exceeded liabilities by \$6,416,306 as of September 30, 2013.

A large portion of the City's net position \$1,376,114 reflects its cash and investment balances.

CITY OF SHOREACRES' NET POSITIONS

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 1,333,871	\$ 2,064,203	\$ 369,265	\$ 473,425	\$ 1,703,136	\$ 2,537,628
Capital assets	<u>3,039,474</u>	<u>1,623,328</u>	<u>2,060,748</u>	<u>244,446</u>	<u>5,100,222</u>	<u>1,867,774</u>
Total assets	<u>4,373,345</u>	<u>3,687,531</u>	<u>2,430,013</u>	<u>717,871</u>	<u>6,803,358</u>	<u>4,405,402</u>
Long-term liabilities	82,195	69,940	5,531	5,324	87,726	75,264
Other liabilities	<u>205,926</u>	<u>401,052</u>	<u>93,400</u>	<u>72,800</u>	<u>299,326</u>	<u>473,852</u>
Total liabilities	<u>288,121</u>	<u>470,992</u>	<u>98,931</u>	<u>78,124</u>	<u>387,052</u>	<u>549,116</u>
Net position:						
Net investment in capital assets	3,039,474	1,623,328	2,060,748	244,446	5,100,222	1,867,774
Unrestricted	<u>1,045,750</u>	<u>1,593,211</u>	<u>270,334</u>	<u>395,301</u>	<u>1,316,084</u>	<u>1,988,512</u>
Total net position	<u>\$ 4,085,224</u>	<u>\$ 3,216,539</u>	<u>\$ 2,331,082</u>	<u>\$ 639,747</u>	<u>\$ 6,416,306</u>	<u>\$ 3,856,286</u>

The balance \$1,316,084 of unrestricted net positions may be used to meet the City's ongoing obligation to citizens and creditors in accordance with the City's fund designation and fiscal policies.

Analysis of the City's operations – The following table provides a summary of the City's operations for the year ended September 30, 2013.

CITY OF SHOREACRES' CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 219,826	\$ 321,113	\$ 497,669	\$ 496,896	\$ 717,495	\$ 818,009
Operating grants and contributions	49,506	92,140	-	-	49,506	92,140
Capital grants and contributions	766,108	3,350,082	-	44,200	766,108	3,394,282
General revenues:						
Property taxes	822,305	823,680	-	-	822,305	823,680
Sales taxes	85,183	67,741	-	-	85,183	67,741
Franchise taxes	97,285	81,172	-	-	97,285	81,172
Other taxes	2,672	3,009	-	-	2,672	3,009
Investment earnings	2,946	4,369	573	772	3,519	5,141
Miscellaneous	14,809	15,053	54,848	44,778	69,657	59,831
Transfers	(810,076)	127,000	810,076	(127,000)	-	-
Total revenues and transfers	<u>1,250,564</u>	<u>4,885,359</u>	<u>1,363,166</u>	<u>459,646</u>	<u>2,613,730</u>	<u>5,345,005</u>
Expenses:						
General government	651,907	666,572	-	-	651,907	666,572
Public safety	644,981	531,836	-	-	644,981	531,836
Public works	225,546	2,544,732	-	-	225,546	2,544,732
Judicial	82,405	75,029	-	-	82,405	75,029
Highways and streets	35,204	84,212	-	-	35,204	84,212
Culture and recreation	62,353	66,841	-	-	62,353	66,841
Water and sewer	-	-	554,793	648,167	554,793	648,167
Total expenses	<u>1,702,396</u>	<u>3,969,222</u>	<u>554,793</u>	<u>648,167</u>	<u>2,257,189</u>	<u>4,617,389</u>
Change in net position	(451,832)	916,137	808,373	(188,521)	356,541	727,616
Net position - beginning	<u>3,216,539</u>	<u>2,300,402</u>	<u>639,747</u>	<u>828,268</u>	<u>3,856,286</u>	<u>3,128,670</u>
Prior period adjustment	<u>1,320,517</u>	<u>-</u>	<u>882,962</u>	<u>-</u>	<u>2,203,479</u>	<u>-</u>
Net position - beginning, restated	<u>4,537,056</u>	<u>-</u>	<u>1,522,709</u>	<u>-</u>	<u>6,059,765</u>	<u>-</u>
Net position - ending	<u>\$ 4,085,224</u>	<u>\$ 3,216,539</u>	<u>\$ 2,331,082</u>	<u>\$ 639,747</u>	<u>\$ 6,416,306</u>	<u>\$ 3,856,286</u>

Governmental activities decreased net position during the fiscal year by \$451,832 . Capital grants and contributions and public works expenditures were much smaller during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City of Shoreacres' 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, unfunded balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Shoreacres' governmental fund reported an ending fund balance of \$1,048,201 of which \$1,048,201 constitutes unassigned fund balance.

General fund budgetary highlights – The City made no revisions to the original appropriations approved by the City Council.

Refer to the General Fund Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual on page 32 of this report for a detailed presentation of the actual General Fund operations compared to both the original and final budget for fiscal year 2013.

Proprietary funds – The City's proprietary fund statements beginning on page 16 of this report provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net positions of the major proprietary fund, the Water and Sewer Fund, were \$270,334. This fund experienced an increase in total net positions during 2013 of \$808,373.

CAPITAL ASSETS

The City of Shoreacres' investment in capital assets for its governmental and business-type activities as of September 30, 2013, amounts to \$5,100,222 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, water system, and sewer system. The significant change in Buildings and improvements is due to the renovations to the new sewer facility being completed. The increase in CIP is a result of the ongoing street improvements, flood and drainage work and water facilities.

CITY OF SHOREACRES' CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 175,164	\$ 175,164	\$ 7,839	\$ 7,839	\$ 183,003	\$ 183,003
Land improvements	-	-	19,940	19,940	19,940	19,940
Leasehold improvements	175,596	175,596	-	-	175,596	175,596
Buildings and improvements	863,179	816,946	847,896	5,000	1,711,075	821,946
Vehicles and Equipment	437,175	383,002	61,416	21,642	498,591	404,644
Infrastructure	255,082	255,082	24,104	24,104	279,186	279,186
Construction in progress	1,536,731	107,532	1,087,077	136,935	2,623,808	244,467
Water and wastewater distribution	-	-	300,059	300,059	300,059	300,059
Less: accumulated depreciation	(403,453)	(289,994)	(287,583)	(271,073)	(691,036)	(561,067)
Total capital assets, net	\$ 3,039,474	\$ 1,623,328	\$ 2,060,748	\$ 244,446	\$ 5,100,222	\$ 1,867,774

DEBT ADMINISTRATION

At the end of the current fiscal year, the City of Shoreacres did not have any bonded debt or notes payable.

ECONOMIC FACTS

Hurricane Ike, the third costliest hurricane ever to hit the United States, made landfall just over 30 miles from the City of Shoreacres in Galveston, Texas on September 13, 2008. Right after the hurricane, the City estimated that 575 of its 650 homes had been flooded and were uninhabitable.

Although the City suffered significant public and private damage from Hurricane Ike, it occurred after the 2009 property tax rate was established for application to values rendered in January 2008 (prior to storm damage). Accordingly, the adverse financial impact of diminished property values due to storm damage fell outside the current fiscal year. Property tax collection, which is the City's primary governmental fund revenue source, was not significantly affected.

Extraordinary expenses incurred as a direct result of Hurricane Ike were offset by federal grants and emergency assistance funds. Several of these projects are either in progress or have been completed. In FY 2013, the City completed the upgrades to the Public Works building and a new police station.

Despite catastrophic public and private property damage the city has maintained all services and governmental functions in support of recovery. An accelerated building permit program has allowed rapid repair and reconstruction of damaged residential structures and commercial facilities.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact David Stall, City Administrator, at 601 Shoreacres Blvd, Shoreacres, TX 77571 or call (281) 471-2244.

BASIC FINANCIAL STATEMENTS

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CITY OF SHOREACRES, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 312,355	\$ 109,056	\$ 421,411
Investments	954,703	-	954,703
Receivables (net of allowances for uncollectibles):			
Taxes	84,354	-	84,354
Accounts	73,354	89,457	162,811
Internal balances	(170,752)	170,752	-
Receivables from other governments	79,857	-	79,857
Capital assets:			
Land	175,164	7,839	183,003
Land improvements	-	19,940	19,940
Leasehold improvements	175,596	-	175,596
Buildings and improvements	863,179	847,896	1,711,075
Vehicles and equipment	437,175	61,416	498,591
Infrastructure	255,082	24,104	279,186
Construction in progress	1,536,731	1,087,077	2,623,808
Water and wastewater distribution	-	300,059	300,059
Less: accumulated depreciation	(403,453)	(287,583)	(691,036)
Total capital assets	<u>3,039,474</u>	<u>2,060,748</u>	<u>5,100,222</u>
Total assets	<u>4,373,345</u>	<u>2,430,013</u>	<u>6,803,358</u>
LIABILITIES			
Accounts payable	128,019	35,590	163,609
Accrued liabilities	26,518	3,365	29,883
Due to other governments	16,162	-	16,162
Customer deposits	-	52,075	52,075
Noncurrent liabilities:			
Due within one year	35,227	2,370	37,597
Due in more than one year	<u>82,195</u>	<u>5,531</u>	<u>87,726</u>
Total liabilities	<u>288,121</u>	<u>98,931</u>	<u>387,052</u>
NET POSITION			
Net investment in capital assets	3,039,474	2,060,748	5,100,222
Unrestricted	<u>1,045,750</u>	<u>270,334</u>	<u>1,316,084</u>
Total net position	<u>\$ 4,085,224</u>	<u>\$ 2,331,082</u>	<u>\$ 6,416,306</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREACRES, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 651,907	\$ 46,815	\$ -	\$ -
Public safety	644,981	1,737	49,506	-
Public works	225,546	-	-	766,108
Judicial	82,405	171,274	-	-
Highways and streets	35,204	-	-	-
Culture and recreation	62,353	-	-	-
Total governmental activities	<u>1,702,396</u>	<u>219,826</u>	<u>49,506</u>	<u>766,108</u>
Business-type activities:				
Water/sewer services	<u>554,793</u>	<u>497,669</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>554,793</u>	<u>497,669</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,257,189</u>	<u>\$ 717,495</u>	<u>\$ 49,506</u>	<u>\$ 766,108</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Sales taxes
- Franchise taxes
- Other taxes
- Investment earnings
- Miscellaneous

Transfers

 Total general revenues

 Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, restated

Net position - ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (605,092)	\$ -	\$ (605,092)
(593,738)	-	(593,738)
540,562	-	540,562
88,869	-	88,869
(35,204)	-	(35,204)
(62,353)	-	(62,353)
<u>(666,956)</u>	<u>-</u>	<u>(666,956)</u>
 <u>-</u>	 (57,124)	 (57,124)
 <u>-</u>	 (57,124)	 (57,124)
 <u>\$ (666,956)</u>	 <u>\$ (57,124)</u>	 <u>\$ (724,080)</u>
 \$ 822,305	 \$ -	 \$ 822,305
85,183	-	85,183
97,285	-	97,285
2,672	-	2,672
2,946	573	3,519
14,809	54,848	69,657
(810,076)	810,076	-
<u>215,124</u>	<u>865,497</u>	<u>1,080,621</u>
(451,832)	808,373	356,541
<u>3,216,539</u>	<u>639,747</u>	<u>3,856,286</u>
<u>1,320,517</u>	<u>882,962</u>	<u>2,203,479</u>
<u>4,537,056</u>	<u>1,522,709</u>	<u>6,059,765</u>
<u>\$ 4,085,224</u>	<u>\$ 2,331,082</u>	<u>\$ 6,416,306</u>

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CITY OF SHOREACRES, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2013

	<u>General</u>
ASSETS	
Cash	\$ 312,355
Investments	954,703
Taxes receivable, net	84,354
Receivable from other governments	79,857
Fines receivables	71,529
Other receivables	<u>1,825</u>
Total assets	<u>\$ 1,504,623</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 128,019
Due to other funds	170,752
Payable to other governments	16,162
Accrued liabilities	26,518
Deferred revenue	<u>114,971</u>
Total liabilities	<u>456,422</u>
Fund balances:	
Unassigned	<u>1,048,201</u>
Total fund balances	<u>1,048,201</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,039,474
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	114,971
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(117,422)</u>
Net position of governmental activities	<u>\$ 4,085,224</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREACRES, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>General</u>
REVENUES	
Taxes:	
Property	\$ 820,979
Sales	85,183
Franchise	97,285
Other	2,672
Fines and fees	159,957
Intergovernmental	785,263
Lease and rental	20,265
Licenses and permits	26,550
Investment earnings	2,946
Miscellaneous	<u>14,809</u>
Total revenues	<u>2,015,909</u>
EXPENDITURES	
Current:	
General government	522,259
Judicial	81,734
Public safety	539,390
Public works	146,115
Highways and streets	33,634
Culture and recreation	57,951
Capital outlay	<u>399,435</u>
Total expenditures	<u>1,780,518</u>
EXCESS (DEFICIENCY) OF REVENUES	
 OVER (UNDER) EXPENDITURES	<u>235,391</u>
OTHER FINANCING SOURCES AND USES	
Transfer in	100,000
Transfer Out	<u>(910,076)</u>
Total other financing sources and uses	<u>(810,076)</u>
NET CHANGE IN FUND BALANCES	(574,685)
FUND BALANCES, BEGINNING	<u>1,622,886</u>
FUND BALANCES, ENDING	<u><u>\$ 1,048,201</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHOREACRES, 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, 2013

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

Net change in fund balances - total governmental funds	\$(574,685)
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.	95,629
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	44,731
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	<u>(17,507)</u>
Change in net position of governmental activities	<u><u>\$(451,832)</u></u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SHOREACRES, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2013

	Business-type Activities Enterprise Fund <u>Water and Sewer</u>
ASSETS	
Current assets:	
Cash	\$ 109,056
Accounts receivable, net	89,457
Due from other funds	<u>170,752</u>
Total current assets	<u>369,265</u>
Non-current assets:	
Capital assets:	
Buildings and improvements	847,896
Vehicles and equipment	61,416
Water and wastewater distribution	300,059
Land improvements	19,940
Land	7,839
Infrastructure	24,104
Construction in progress	1,087,077
Less accumulated depreciation	<u>(287,583)</u>
Total non-current assets	<u>2,060,748</u>
Total assets	<u>2,430,013</u>
LIABILITIES	
Current liabilities:	
Accounts payable	35,590
Accrued liabilities	3,365
Customer deposits	52,075
Compensated absences	<u>2,370</u>
Total current liabilities	<u>93,400</u>
Non-current liabilities:	
Compensated absences	<u>5,531</u>
Total liabilities	<u>98,931</u>
NET POSITION	
Net investment in capital assets	2,060,748
Unrestricted	<u>270,334</u>
Total net position	<u>\$ 2,331,082</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SHOREACRES, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities Enterprise Fund <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for sales and services:	
Water	\$ 267,643
Sewer	133,912
Sanitation	<u>96,114</u>
Total operating revenues	<u>497,669</u>
OPERATING EXPENSES	
Personnel services	183,563
Water services	120,126
Solid waste disposal	100,153
Recycling services	30,186
Materials and supplies	54,495
Maintenance	5,559
Professional Services	
Fuel	2,749
Utilities	26,872
Depreciation	16,510
Other	<u>14,580</u>
Total operating expenses	<u>554,793</u>
OPERATING LOSS	<u>(57,124)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	573
Miscellaneous revenues	<u>54,848</u>
Total non-operating revenues (expenses)	<u>55,421</u>
TRANSFERS	
Transfers In	910,076
Transfers Out	<u>(100,000)</u>
Total transfers	<u>810,076</u>
CHANGE IN NET POSITION	808,373
TOTAL NET POSITION, BEGINNING	<u>639,747</u>
PRIOR PERIOD ADJUSTMENT	<u>882,962</u>
TOTAL NET POSITION, BEGINNING, AS RESTATED	<u>1,522,709</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 2,331,082</u></u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SHOREACRES, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-type Activities Enterprise Fund Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 508,284
Cash payments to employees for services	(180,565)
Cash payments to suppliers for goods and services	(283,551)
Cash used by operating activities	<u>44,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Miscellaneous revenues	54,848
Transfers from other funds	<u>810,076</u>
Cash used by noncapital financing activities	<u>864,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>573</u>
Cash provided by investing activities	<u>573</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,185)
CASH, BEGINNING	<u>149,241</u>
CASH, ENDING	<u>\$ 109,056</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$(57,124)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	16,510
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	10,565
Increase (decrease) in accounts payable	17,759
Increase (decrease) in customer deposits	50
Increase (decrease) in due to other funds	(65,211)
Increase (decrease) in accrued liabilities	421
Increase (decrease) in compensated absences	<u>2,577</u>
Total adjustments	<u>101,292</u>
Net cash used by operating activities	<u>\$ 44,168</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF SHOREACRES, TEXAS

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Shoreacres, Texas (the “City”) was incorporated as a City in 1949 and is a General Law City with a Mayor and five Council members elected to two-year terms. City Hall acts as a courthouse, council chambers, meeting room, police station, and administrative building.

A. Reporting Entity

Generally accepted accounting principles require financial statements to present the government and its component units, entities for which the government is considered financially accountable. Examination of potential component units determined that none met the criteria necessary for inclusion in these financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, 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 function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for Governmental Funds and Proprietary Funds. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

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

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

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 claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, 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. All other revenue is considered to be measurable and available only when cash is received by the City.

The City reports the following major Governmental Fund:

General Fund – The General Fund is the City’s primary operating fund. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

The City reports the following major Proprietary Fund:

Water/Sewer Fund – The Water/Sewer Fund accounts for the operations of providing water, sewer, and waste management services to the residents of the City.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989, generally are followed in both the government-wide and Proprietary Fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Fund, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions and, (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, all general revenues include all taxes.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund’s principal ongoing operations. The principal operating revenues of the Water/Sewer Fund are charges to customers for sales and services. The Water/Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system.

Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. The City only uses restricted resources for their intended purpose.

D. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand and savings accounts, and certificates of deposits.

The short-term investments consist of deposits in the Texas Local Government Investment Pool (TexPool). In accordance with GASB Statement No. 31, the City reports all investments at fair value except for money market investments and "2a7-like pools." The City had no money market investments at year-end. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, Logic, and TexStar, are reported using the pools' share price.

The City has adopted a policy whereby investments are limited to the instruments listed below and as further described by the Public Funds Investment Act.

- a. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed two years to stated maturity, excluding collateralized mortgage obligations (CMOs).
- b. Full insured or collateralized certificates of deposit from a bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed two years to stated maturity.
- c. No-load, SEC registered money market funds, each approved specifically before use by the City.
- d. Constant dollar Texas Local Government Investment Pools as defined by Public Funds Investment Act.

Receivables and Payables

Activity between funds is reported as due to/from other funds. The outstanding balances between funds result mainly from (1) the arrangement whereby one cash account is used for payroll processing for all funds and, (2) in other cases the General Fund will pay an expenditure of the Water/Sewer Fund or vice versa. The balance in the due to/from other funds accounts is not expected to be paid back within one year.

All accounts receivable are shown net of an allowance for uncollectibles.

Capital Assets

Capital assets, which include buildings and improvements, machinery and equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The City chose not to report general infrastructure assets retroactively, as permitted by GASB Statement No. 34 for smaller governments. The City will prospectively report general infrastructure assets acquired or constructed after October 1, 2003, in the statement of net position in the period they acquire or construct those assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-30
Machinery and equipment	3-20
Water facilities	20-40
Vehicles	5
Infrastructure	20-30

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- **Committed:** This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by board resolution of the city Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned:** This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or City Administrator.
- **Unassigned:** This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Prior to the beginning of each fiscal year, the City Administrator submits to the City Council a proposed budget for the General Fund. The City Council uses this as a basis to formulate the operating budget for the upcoming year, which includes proposed expenditures and the means of financing those expenditures.

Public hearings are conducted at which all interested persons' comments concerning the budget are heard.

The budget is legally enacted by the City Council. Budgetary control is maintained at the fund level. All annual appropriations lapse at fiscal year-end.

3. DETAILED NOTES ON ALL FUNDS

Cash and Investments

As of September 30, 2013, the City had the following cash and investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Investments - TexPool	\$ <u>954,703</u>	60
Total fair value	\$ <u>954,703</u>	

During the year ended September 30, 2013, the City invested in the Texas Local Government Pool (TexPool), which is investment funds authorized by the Texas Legislature. TexPool is administered by the Texas State Treasury and holds investments which are subject to the same investment policies maintained by the State Treasury for all state funds. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code. The purpose of investment pool funds is to allow for the pooling of public funds to provide a higher yield on the pooled investment than would be possible with the investment of the individual public entity's funds. The legislature has authorized only certain investment instruments for public funds, including repurchase agreements, U. S. Treasury bills and bonds, securities of other U. S. government agencies, commercial paper, and other safe instruments. The investments held in TexPool, plus any accrued interest may be redeemed at the City's discretion. TexPool is rated AAAM by Standard & Poor's. As a requirement to maintain the weekly rating portfolio, information must be submitted to Standard & Poor's, as well as the office of the Comptroller of Public accounts, for review. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The funds use amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

Interest Rate Risk: To limit the City's exposure to interest rate risk and ensure liquidity, the City's investment policy requires that the City's investments be structured so that the maximum weighted average maturity of the overall portfolio may not exceed six months. Furthermore, the investment policy states the investment portfolio should be designed with the objective of attaining a market rate of return taking into account the City's risk constraints within State Statutes and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current six-month U. S. Treasury bill. Furthermore, the City has a diversification policy which includes diversification standards by security type and issuer.

Credit Risk: At year-end, balances in TexPool, a privately managed public funds investment pool, was rated AAAM by Standard & Poor's.

Custodial Credit Risk: The City of Shoreacres' financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The City deposits its cash with high credit quality institutions. However, at times, such instruments may be in excess of FDIC insurance limits. As of September 30, 2013, the City's \$456,669 deposit balance was covered by FDIC insurance.

Property Taxes

The appraisal of property within the City is the responsibility of the Harris County Appraisal District (the "District"). The District is required under the Property Tax Code to assess all property within the District on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value of property within the District must be reviewed every four years.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. The net position value upon which the fiscal 2013 levy was based was \$96,512,409.

Taxes are due by January 31 following the October 1 levy date. Current tax collections for the year ended September 30, 2013, were 98% of the tax levy.

Receivables

Receivables as of year-end for the City's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Receivables:			
Taxes	\$ 85,478	\$ -	\$ 85,478
Water/sewer usage	-	92,224	92,224
Intergovernmental	79,857	-	79,857
Fines	286,119	-	286,119
Lease and rentals	<u>1,825</u>	<u>-</u>	<u>1,825</u>
Gross receivables	453,279	92,224	545,503
Less: allowance for uncollectibles	<u>(215,714)</u>	<u>(2,767)</u>	<u>(218,481)</u>
Net total receivables	<u>\$ 237,565</u>	<u>\$ 89,457</u>	<u>\$ 327,022</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental fund were as follows:

	<u>Unavailable</u>	<u>Total</u>
Governmental funds:		
Property taxes	\$ 36,353	\$ 36,353
Municipal court	48,267	48,267
Grants	<u>30,351</u>	<u>30,351</u>
Total	<u>\$ 114,971</u>	<u>\$ 114,971</u>

Capital Assets

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

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 175,164	\$ -	\$ -	\$ -	\$ 175,164
Construction in progress	107,532	123,735	-	1,305,464	1,536,731
Total assets not being depreciated	<u>282,696</u>	<u>123,735</u>	<u>-</u>	<u>1,305,464</u>	<u>1,711,895</u>
Capital assets, being depreciated:					
Buildings and improvements	816,946	31,180	-	15,053	863,179
Leasehold improvements	175,596	-	-	-	175,596
Vehicles and equipment	383,002	54,173	-	-	437,175
Infrastructure	<u>255,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,082</u>
Total capital assets being depreciated	<u>1,630,626</u>	<u>85,353</u>	<u>-</u>	<u>15,053</u>	<u>1,731,032</u>
Less accumulated depreciation:					
Buildings and improvements	(21,187)	(21,131)	-	-	(42,318)
Leasehold improvements	(40,668)	(10,164)	-	-	(50,832)
Vehicles and equipment	(160,811)	(65,159)	-	-	(225,970)
Infrastructure	<u>(67,328)</u>	<u>(17,005)</u>	<u>-</u>	<u>-</u>	<u>(84,333)</u>
Total accumulated depreciation	<u>(289,994)</u>	<u>(113,459)</u>	<u>-</u>	<u>-</u>	<u>(403,453)</u>
Total capital assets being depreciated, net	<u>1,340,632</u>	<u>(28,106)</u>	<u>-</u>	<u>15,053</u>	<u>1,327,579</u>
Governmental activities capital assets, net	<u>\$ 1,623,328</u>	<u>\$ 95,629</u>	<u>\$ -</u>	<u>\$ 1,320,517</u>	<u>\$ 3,039,474</u>

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 7,839	\$ -	\$ -	\$ -	\$ 7,839
Construction in progress	136,935	869,606	-	80,536	1,087,077
Total assets not being depreciated	144,774	869,606	-	80,536	1,094,916
Capital assets, being depreciated:					
Buildings and improvements	5,000	40,470	-	802,426	847,896
Infrastructure	24,104	-	-	-	24,104
Land improvements	19,940	-	-	-	19,940
Water facilities	300,059	-	-	-	300,059
Vehicles and equipment	21,642	39,774	-	-	61,416
Total capital assets being depreciated	370,745	80,244	-	802,426	1,253,415
Less accumulated depreciation:					
Buildings and improvements	(5,000)	-	-	-	(5,000)
Infrastructure	(1,305)	(1,205)	-	-	(2,510)
Land improvements	(6,951)	(1,329)	-	-	(8,280)
Water facilities	(244,020)	(5,382)	-	-	(249,402)
Vehicles and equipment	(13,797)	(8,594)	-	-	(22,391)
Total accumulated depreciation	(271,073)	(16,510)	-	-	(287,583)
Total capital assets being depreciated, net	99,672	63,734	-	802,426	965,832
Business-type activities capital assets, net	\$ 244,446	\$ 933,340	\$ -	\$ 882,962	\$ 2,060,748

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

Governmental activities:	
Public works	\$ 47,091
General government administration	19,387
Public safety	41,161
Highways and streets	1,570
Culture and recreation	4,250
Total depreciation expense - governmental activities	\$ 113,459

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2013, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Water and sewer	General	\$ 170,752

The interfund balance resulted from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between fund are made.

The composition of interfund transfers as of September 30, 2013, is as follows:

<u>Transfer Out Fund</u>	<u>Transfer In Fund</u>	<u>Amount</u>
General	Water and sewer	\$ 810,076

Interfund transfers are approved in the original budget. Transfers are made to provide additional resources for specific programs as the need arises.

Long-term Debt

The following is a summary of changes in long-term debt for the year ended September 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due in One Year</u>
Governmental activities					
Compensated absences	\$ 99,916	\$ 44,573	\$ 27,067	\$ 117,422	\$ 35,227
Total governmental activities	<u>\$ 99,916</u>	<u>\$ 44,573</u>	<u>\$ 27,067</u>	<u>\$ 117,422</u>	<u>\$ 35,227</u>
Business-type activities					
Compensated absences	\$ 5,324	\$ 11,341	\$ 8,764	\$ 7,901	\$ 2,370
Total governmental activities	<u>\$ 5,324</u>	<u>\$ 11,341</u>	<u>\$ 8,764</u>	<u>\$ 7,901</u>	<u>\$ 2,370</u>

Employee Benefit Plan

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the 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 explanations 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.

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:

	<u>Plan Year 2012</u>	<u>Plan Year 2013</u>
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the 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. The annual pension cost and net pension obligation/(asset) are as follows:

<u>Accounting Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
09/30/11	\$ 41,067	100%	\$ -
09/30/12	37,131	100%	-
09/30/13	31,382	100%	-

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization period	25.7 years - closed	16.9 years - closed	24.8 years - closed
Amortization Period for new Gains/Losses	22 years	22 years	25 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial Assumptions:			
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service
Inflation	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2012 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2012, under the two separate actuarial valuations, is presented as follows:

Actual Valuation Date	12/31/12
Actuarial value of assets	\$ 1,285,164
Actuarial accrued liability	1,245,754
Percent funded	103.2%
Unfunded (overfunded) actuarial accrued liability (UAAL)	(39,410)
Annual covered payroll	685,399
UAAL as a percentage of covered payroll	(5.7%)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other governments in Texas to form the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for liability, property, and workers' compensation coverage. The City pays a quarterly contribution to the pool for its insurance coverage. The agreement for formation of the Texas Municipal League Intergovernmental Risk Pool provides that the Pool will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of specific limits.

The Texas Municipal League Intergovernmental Risk Pool has published its own financial report, which can be obtained by writing the Texas Municipal League Intergovernmental Risk Pool, 1821 Rutherford Lane, Austin, Texas 78754.

Other Postemployment Benefits

Supplemental Death Benefits Fund

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

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

Schedule of Contribution Rates			
Accounting Year Ending	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
09/30/11	.02%	.02%	100%
09/30/12	.02%	.02%	100%
09/30/13	.03%	.03%	100%

Prior Period Adjustment

During the current year management determined that certain capital assets were expensed and not capitalized in prior years. Therefore, beginning governmental and business-type activities net position was restated by \$1,320,517 and \$882,962.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF SHOREACRES, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
Property	\$ 800,228	\$ 800,228	\$ 820,979	\$ 20,751
Sales	65,000	65,000	85,183	20,183
Franchise	82,900	82,900	97,285	14,385
Other	3,150	3,150	2,672	(478)
Fines and fees	315,100	315,100	159,957	(155,143)
Intergovernmental	-	-	785,263	785,263
Lease and rental	21,900	21,900	20,265	(1,635)
Licenses and permits	30,000	30,000	26,550	(3,450)
Investment earnings	3,910	3,910	2,946	(964)
Miscellaneous	25,000	25,000	14,809	(10,191)
Total revenues	<u>1,347,188</u>	<u>1,347,188</u>	<u>2,015,909</u>	<u>668,721</u>
EXPENDITURES				
Current:				
General government	608,610	608,610	522,259	86,351
Judicial	190,746	190,746	81,734	109,012
Public safety	532,178	532,178	539,390	(7,212)
Public works	211,671	211,671	146,115	65,556
Highways and streets	49,060	49,060	33,634	15,426
Culture and recreation	114,392	114,392	57,951	56,441
Capital outlay	53,000	53,000	399,435	(346,435)
Total expenditures	<u>1,759,657</u>	<u>1,759,657</u>	<u>1,780,518</u>	<u>(20,861)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(412,469)</u>	<u>(412,469)</u>	<u>235,391</u>	<u>647,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	412,279	412,279	100,000	(312,279)
Transfers out	-	-	(910,076)	(910,076)
Total other financing sources (uses)	<u>412,279</u>	<u>412,279</u>	<u>(810,076)</u>	<u>(1,222,355)</u>
NET CHANGE IN FUND BALANCE	(190)	(190)	(574,685)	(574,495)
FUND BALANCE, BEGINNING	<u>1,622,886</u>	<u>1,622,886</u>	<u>1,622,886</u>	<u>-</u>
FUND BALANCES, ENDING	<u>\$ 1,622,696</u>	<u>\$ 1,622,696</u>	<u>\$ 1,048,201</u>	<u>\$ (574,495)</u>

CITY OF SHOREACRES, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>(Overfunded) Actuarial Accrued Liability</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll</u>
12/31/2010	\$ 1,057,752	\$ 1,146,532	92.3%	\$ 88,780	\$ 574,870	15.4%
12/31/2011	1,167,434	1,174,744	99.4%	7,310	626,290	1.2%
12/31/2012	1,285,164	1,245,754	103.2%	(39,410)	685,399	(5.7%)

Note: Fiscal years 2010 and 2011 include the impact of Senate Bill 350 enacted by the Texas Legislature in June of 2011. This legislation provided a restructuring of the Texas Municipal Retirement System funds effective December 31, 2010.

CITY OF SHOREACRES, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED SEPTEMBER 30, 2013

SUMMARY OF BUDGET AND BUDGETARY BASIS OF ACCOUNTING

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the beginning of each fiscal year, the City Council prepares a proposed budget for the fiscal year beginning on the following October 1. The proposed budget includes estimated revenue and proposed expenditures for the General and Water and Sewer Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by the City Council.
4. The City Council can adjust the budget during formal City Council meetings.
5. Actual expenditures cannot exceed the legally adopted budget without an approved resolution by the City Council.
6. Appropriations lapse at year-end.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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COMPLIANCE SECTION

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PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

To the Honorable Mayor and
Members of the City Council
City of Shoreacres, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Shoreacres, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Shoreacres, Texas' basic financial statements, and have issued our report thereon dated June 12, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. That finding is identified as 2013-1.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 12, 2014



PATILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and
Members of the City Council
City of Shoreacres, Texas

Report on Compliance for Each Major Federal Program

We have audited City of Shoreacres, Texas's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Shoreacres, Texas' major federal programs for the year ended September 30, 2013. The City of Shoreacres, Texas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Shoreacres, Texas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Shoreacres, Texas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Shoreacres, Texas' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Shoreacres, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Shoreacres, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Shoreacres, Texas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Shoreacres, Texas' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
June 12, 2014

CITY OF SHOREACRES, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
FEDERAL AWARDS			
<u>U. S. Department of Housing and Urban Development</u>			
Passed through the General Land Office			
CDBG Disaster Recovery Non-Entitlement Grant Program	14.228	DRS010227	\$ <u>735,757</u>
Total Passed through the General Land Office			<u>735,757</u>
Total U. S. Department of Housing and Urban Development			<u>735,757</u>
<u>U. S. Department of Homeland Security</u>			
Passed through the Texas Department of Public Safety			
State Homeland Security Program (SHSP)	97.073	EMW-2012-SS-00018-S01	23,144
State Homeland Security Program (SHSP LETPA)	97.073	EMW-2012-SS-00018-S01	<u>26,362</u>
Total Passed through the Texas Department of Public Safety			<u>49,506</u>
Total U. S. Department of Homeland Security			<u>49,506</u>
Total Expenditures of Federal Awards			\$ <u>785,263</u>

CITY OF SHOREACRES, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2013

Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? 2013-1

Noncompliance material to financial statements noted?

None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

None

Identification of major programs:

CFDA Number(s)

#14.228

Name of Federal Program or Cluster:

CDBG Disaster Recovery Non-Entitlement Grant Program

Dollar threshold used to distinguish between type A and type B programs

\$300,000

Auditee qualified as low-risk auditee?

No

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None

CITY OF SHOREACRES, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Item 2013-1

<u>Condition:</u>	During the audit, we noted that no accruals were made at year end for receivables or liabilities nor were general ledger balances reconciled to subsidiary ledgers (accounts payable, accounts receivable, capital assets, etc.).
<u>Effect:</u>	Without the proper accrual of receivables and liabilities and reconciliations to the subsidiary ledgers, revenues and expenditures may be incorrectly posted or posted to the wrong period.
<u>Cause:</u>	The City was operating on a modified cash basis prior to the need for an audit and therefore did not post accruals for receivables or liabilities other than standard accounts payable at year end. This was operationally sufficient for many years but due to compliance requirements the City must now report on a full accrual basis.
<u>Recommendation:</u>	The City should create procedures to properly accrue receivables and payables in order to ensure reporting of items in the proper fiscal period. Furthermore, the City should implement procedures to reconcile subsidiary ledgers to the general ledger on a monthly basis and correct any variances in a timely manner.
<u>Management's Response:</u>	The City has had no prior audit or financial reporting requirement to bring forward the issue of year-end accruals and, therefore, has never made them. In addition, the City operated on a modified cash basis, and therefore did not have significant subsidiary ledgers with which to reconcile. Given the present compliance situation, the City will put in place procedures to assure the booking of receivables and payables each year end and monthly reconciliations.
<u>Contact Person Responsible for Corrective Action:</u>	David Stall, City Administrator
<u>Anticipated Completion Date:</u>	Procedures to enter year-end receivables and payables will be created on or before October 1, 2013.
<u>Current Status:</u>	There has been significant improvement in this area. Although we had to adjust some receivables at year-end, it was less than in past years. The City should continue towards the goal of adjusting all receivables at year-end.

CITY OF SHOREACRES, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

Item 2012-1

<u>Condition:</u>	During the audit, we noted that no accruals were made at year end for receivables or liabilities nor were general ledger balances reconciled to subsidiary ledgers (accounts payable, accounts receivable, capital assets, etc.).
<u>Effect:</u>	Without the proper accrual of receivables and liabilities and reconciliations to the subsidiary ledgers, revenues and expenditures may be incorrectly posted or posted to the wrong period.
<u>Cause:</u>	The City was operating on a modified cash basis prior to the need for an audit and therefore did not post accruals for receivables or liabilities other than standard accounts payable at year end. This was operationally sufficient for many years but due to compliance requirements the City must now report on a full accrual basis.
<u>Recommendation:</u>	The City should create procedures to properly accrue receivables and payables in order to ensure reporting of items in the proper fiscal period. Furthermore, the City should implement procedures to reconcile subsidiary ledgers to the general ledger on a monthly basis and correct any variances in a timely manner.
<u>Management's Response:</u>	The City has had no prior audit or financial reporting requirement to bring forward the issue of year-end accruals and, therefore, has never made them. In addition, the City operated on a modified cash basis, and therefore did not have significant subsidiary ledgers with which to reconcile. Given the present compliance situation, the City will put in place procedures to assure the booking of receivables and payables each year end and monthly reconciliations.
<u>Contact Person Responsible for Corrective Action:</u>	David Stall, City Administrator
<u>Anticipated Completion Date:</u>	Procedures to enter year-end receivables and payables will be created on or before October 1, 2012.
<u>Current Status:</u>	See Finding 2013-1

CITY OF SHOREACRES, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

Item 2012-2

<u>Condition:</u>	While testing cash PBH noted the cash was not properly reconciled from the bank balance to the general ledger balance. Also, some deposits were deposited into the wrong bank accounts causing the outstanding items per each account to not clear in the proper statements. Also, there were outstanding deposits on the bank reconciliation that had not cleared for over a year.
<u>Effect:</u>	The City's cash did not properly reconcile to the general ledger.
<u>Cause:</u>	The City does not trace each outstanding check and deposit at the end of each month to ensure that the bank reconciliation is correct.
<u>Recommendation:</u>	The City should trace each outstanding check and deposit to the following month's financial statements to ensure that the outstanding amounts are correct. The City should also ensure that the general ledger balance matches the ending bank reconciliation balance.
<u>Management's Response:</u>	Currently, the cash balance reconciles to the general ledger. The staff will ensure that the balances of the bank properly reconcile to the general ledger on a monthly basis. The staff will also trace each outstanding check and deposit on a monthly basis to make sure the amounts clear the bank statement on the following month.
<u>Contact Person Responsible for Corrective Action:</u>	David Stall, City Administrator
<u>Anticipated Completion Date:</u>	The City will conduct a review of its procedures on or before October 1, 2013.
<u>Current Status:</u>	The cash was reconciled to the general ledger for the year ended September 30, 2013.

CITY OF SHOREACRES, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued) FOR THE YEAR ENDED SEPTEMBER 30, 2013

Item 2012-3

<u>Condition:</u>	While reviewing the water deposit liability PBH noted the general ledger balance did not tie to the water deposit listing.
<u>Effect:</u>	The City's water deposit liability was overstated.
<u>Cause:</u>	The City does not reconcile the water deposit liability listing to the general ledger on a regular basis.
<u>Recommendation:</u>	The City should compare the balance of the water deposit liability on listing to the general ledger balance on a monthly basis.
<u>Management's Response:</u>	As of the end of field work the City will reconcile the deposit liability to the deposit listing as part of the month end procedures.
<u>Contact Person Responsible for Corrective Action:</u>	David Stall, City Administrator
<u>Anticipated Completion Date:</u>	The City will conduct a review of its procedures on or before October 1, 2013.
<u>Current Status:</u>	We consider this issue resolved.

City of Shoreacres



MEETING MINUTES

The City Council of the City of Shoreacres, Texas, met in Regular Session on
Monday, June 9, 2014 at 7:00 p.m.
in the City Council Chambers of City Hall, 601 Shore Acres Blvd., Shoreacres, Texas
with the following present constituting a quorum:

Mayor	Rick Moses
Mayor pro tem	Richard Adams
Alderman	Bo Bunker
Alderman	Neil Moyer

City Administrator / City Secretary	David K. Stall, CFM
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<u>Absent</u>	
Alderman	Mike Wheeler
Alderwoman	Nancy J. Schnell

1.0 CALL TO ORDER / ROLL CALL:

The meeting was called to order by Mayor Moses at 7:00 p.m.

2.0 PLEDGE OF ALLEGIANCE

3.0 SPECIAL PRESENTATION

4.0 APPROVAL OF MINUTES

- 4.1 Regular Council Meeting May 19, 2014 – Bo Bunker moved to approve the April 14, 2014 Regular Council Meeting minutes; seconded by Neil Moyer. Motion carried unanimously.

5.0 COUNCIL REPORTS & REQUESTS

- 5.1 Mayor Moses report on hurricane preparedness and meeting attended.

Mayor Moses will be meeting with City Administrator, David Stall and Acting Public Works Director, Erick Ingram to review the City's hurricane preparedness plan. He also requested for active participation from Council members, Police and Public Works department at the La Porte Chamber of Commerce - 4th of July Parade.

6.0 PUBLIC HEARINGS & PUBLIC COMMENTS

- 6.1 Mary Beth Maher – Heron Park

Ms. Maher presented a slide show of Heron Park and discussed the importance of maintaining and preserving Heron Park as wetlands for Shoreacres. It took many dedicated volunteer hours and monetary resources to make Heron Park what it is today. She also pleaded for Council to closely monitor that appropriate

protective actions are taken when allowing the addition of fill dirt onto lot #7 on Shore Acres Blvd. The lot backs up to the wetland area, so if appropriate steps are not taken to restrict the runoff of fill dirt it may ultimately destroy the wetlands. Shoreacres volunteers have contributed many hours and resources to maintain Heron Park and the wetlands, and would like for it to remain for many more years to come.

6.2 Citizen Comments:

Ms. Charlotte Wells – 3342 Miramar: Ms. Wells thanked Mary Beth Maher for the beautiful job that she has done and continues to do for Heron Park.

Mr. Stan Krauhs – 1103 Shore Acres Blvd: Mr. Krauhs reminded citizens of a city ordinance regarding the restriction of draining onto adjacent lots. He suggested that the city draft an informational letter to be sent to the property owner of the lot in discussion in case they do not know about the ordinance.

Mr. Don Belgau – 3342 Miramar: Mr. Belgau suggested for the City to adopt a parking regulation on Miramar Drive where vehicles are not allowed to park on the grass, only street parking. Also that all construction or service vehicles be required to place a construction cone in front and behind their vehicles when parked. The cones would serve as a slow-down warning to other vehicles.

7.0 ADMINISTRATIVE REPORTS

7.1 City Administrator Report: Mr. Stall reported that he attended a floodplain management workshop and participated in the Association of State Floodplain Manager's Annual Conference in Washington last week, where he presented a white paper on the "Limit of Moderate Wave Action" and talked about the storm surge regulations that we have adopted in Shoreacres. During the conference Mr. Stall discovered that while there is a requirement by FEMA that cities conduct surge studies and set regulations, Shoreacres is the only city in the United States that they know of that has done so.

7.1.1 Shore Acres Blvd. Water Main Project Updates – The city engineer has issued a Notice to Proceed to Turnkey Engineering. The project has a ninety-day completion deadline.

7.1.2 West Forest Street Replacement, Drainage, & Water Main Projects – Due to wet weather last week this project has been delayed. The project should be back on schedule next week if weather permits.

7.1.3 First Monday Heavy Trash Pick-up – Republic Waste has continued with the heavy trash pick-up but they are well behind due to mechanical and labor issue and the backlog from last month. Mr. Stall will attempt to talk with Republic Waste and come up with a solution.

7.2 Police Chief Troy Harrison – Monthly Department Report.

Chief Harrison is in class this week so Mr. Stall presented the Police Department Monthly Report. There were 134 calls for service; 34 citations were issued; 4 vacation watch request and a small increase in thefts activity on South Country Club.

7.3 Acting Public Works Director Erick Ingram – Monthly Department Report.

Water purchased for May totaled 5.23 million gallons compared to 5.1 million gallons in April. Public Works employees repaired four water main line breaks and completed 3.6 miles of ditch mowing.

8.0 BUSINESS

8.1 Consideration and approval of invoices.

Richard Adams moved to pay our bills; Seconded by Bo Bunker. Motion carried unanimously.

8.2 Consideration and action to excuse council member absence(s).

Neil Moyer moved to excused Alderwoman Schnell absences for May 12, May 19 and June 9, 2014 Council Meetings; Seconded by Bo Bunker. Motion carried unanimously.

8.3 Consideration and action to ratify Mayor's nominee for appointment to Position 6 of the Planning and Zoning Commission for a term beginning June 10, 2014 and ending January 31, 2016.

Mayor Moses nominated Steven Jones to fill Position 6. Bo Bunker moved to ratify the appointment of Steven Jones to Position 6 of the Planning and Zoning Commission for a term beginning June 10, 2014 and ending January 31, 2016; Seconded by Richard Adams. Motion carried unanimously.

9.0 ADJOURNMENT.

The meeting was adjourned at 7:36 p.m.

PASSED AND APPROVED ON THIS 23rd DAY OF JUNE, 2014.

(CITY SEAL)

Rick Moses, Mayor

ATTEST:

David K. Stall, CFM
City Administrator / City Secretary

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CITY OF SHOREACRES FY-2013/2014 MONTHLY BUDGET REPORT

6/18/2014

GENERAL FUND SUMMARY

GENERAL FUND	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
REVENUE TOTAL	\$ 1,556,917.01	\$ 1,018,644.49	\$ 538,272.52
EXPENDITURE TOTAL	\$ 1,556,917.01	\$ 880,655.95	\$ 676,261.06
NET	\$ -	\$ 137,988.54	

GENERAL FUND REVENUES	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Property Tax	\$ 769,498.00	\$ 781,914.00	\$ (12,416.00)
Non-Property Tax	\$ 157,775.00	\$ 118,801.02	\$ 38,973.98
Licenses/Permits	\$ 20,000.00	\$ 25,744.00	\$ (5,744.00)
Capital & Property	\$ 25,960.00	\$ 14,815.36	\$ 11,144.64
Municipal Court	\$ 265,300.00	\$ 70,032.53	\$ 195,267.47
Grants	\$ -	\$ 1,229.28	\$ (1,229.28)
Miscellaneous	\$ 2,100.00	\$ 6,108.30	\$ (4,008.30)
Transfers	\$316,284.01	\$0.00	\$ 316,284.01
REVENUE TOTAL	\$ 1,556,917.01	\$ 1,018,644.49	\$ 538,272.52
		65%	

EXPENDITURES BY DEPARTMENT	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Administration	\$ 514,806.21	\$ 366,380.71	\$ 148,425.50
Municipal Court	\$ 177,113.67	\$ 73,625.01	\$ 103,488.66
Police Department	\$ 535,539.85	\$ 324,392.93	\$ 211,146.92
Parks Department	\$ 119,450.19	\$ 30,036.00	\$ 89,414.19
Public Works Department	\$ 210,007.08	\$ 86,221.30	\$ 123,785.78
EXPENDITURE TOTAL	\$ 1,556,917.01	\$ 880,655.95	\$ 676,261.06
		57%	

EXPENDITURES BY CATEGORY	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Personnel	\$ 807,619.83	\$ 505,741.93	\$ 301,877.90
Maintenance & Supplies	\$ 192,511.50	\$ 43,275.55	\$ 149,235.95
Services	\$ 551,685.68	\$ 331,638.47	\$ 220,047.21
Capital Outlays	\$ 5,100.00	\$ -	\$ 5,100.00
EXPENDITURE SUBTOTAL	\$ 1,556,917.01	\$ 880,655.95	\$ 676,261.06
		57%	

CITY OF SHOREACRES FY-2013/2014 MONTHLY BUDGET REPORT

6/18/2014

UTILITY FUND SUMMARY

UTILITY FUND	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
REVENUE TOTAL	\$ 915,302.37	\$ 418,336.53	\$ 496,965.84
EXPENDITURE TOTAL	\$ 915,302.37	\$ 418,336.53	\$ 496,965.84
NET	\$0.00	\$0.00	

UTILITY FUND REVENUES	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Water Sales & Fees	\$ 289,500.00	\$ 169,613.52	\$ 119,886.48
Sewer Sales & Fees	\$ 120,750.00	\$ 94,085.14	\$ 26,664.86
Refuse Collection	\$ 108,750.00	\$ 69,226.80	\$ 39,523.20
Miscellaneous	\$ 1,400.00	\$ 1,084.59	\$ 315.41
Transfers	\$ 394,902.37	\$ 84,326.48	\$ 310,575.89
REVENUE TOTAL	\$ 915,302.37	\$ 418,336.53	
		46%	

EXPENDITURES BY DEPARTMENT	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Water Department	\$ 693,017.17	\$ 302,717.96	\$ 390,299.21
Sewer Department	\$ 102,560.19	\$ 59,602.63	\$ 42,957.56
Refuse Department	\$ 119,725.00	\$ 56,015.94	\$ 63,709.06
EXPENDITURE TOTAL	\$ 915,302.37	\$ 418,336.53	
		46%	

EXPENDITURES BY CATEGORY	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
Personnel	\$ 179,218.53	\$ 105,227.37	\$ 73,991.16
Maintenance & Supplies	\$ 70,050.00	\$ 24,001.78	\$ 46,048.22
Services	\$ 327,505.00	\$ 170,372.38	\$ 157,132.62
Capital Outlays	\$ 196,000.00	\$ 118,735.00	\$ 34,654.34
Transfers	\$ 142,528.84	\$ -	\$ 142,528.84
EXPENDITURE SUBTOTAL	\$ 915,302.37	\$ 418,336.53	
		46%	

COMBINED GENERAL & UTILITY FUNDS	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
REVENUE TOTAL	\$ 2,472,219.37	\$ 1,436,981.02	\$ 1,035,238.35
EXPENDITURE TOTAL	\$ 2,472,219.37	\$ 1,298,992.48	\$ 1,173,226.89
	\$0.00	\$137,988.54	

RESERVE FUND IMPACT	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	(Over)/Under Budget
COMBINED GENERAL & UTILITY FUNDS	\$ 568,657.54	\$ 84,326.48	\$ 484,331.06

CITY OF SHOREACRES FY-2013/2014 MONTHLY BUDGET REPORT

6/18/2014

GENERAL FUND REVENUE

	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
Property Tax			
4010-1 Property Tax	\$ 769,498.00	\$ 781,914.00	\$ (12,416.00)
Total	\$ 769,498.00	\$ 781,914.00	\$ (12,416.00)
Non-Property Tax			
4021-1 Franchise: Electric	\$ 39,000.00	\$ 15,558.91	\$ 23,441.09
4022-1 Franchise: Gas	\$ 7,000.00	\$ 7,799.53	\$ (799.53)
4023-1 Franchise: Telephone	\$ 4,500.00	\$ 6,292.54	\$ (1,792.54)
4024-1 Franchise: CATV	\$ 31,000.00	\$ 19,665.99	\$ 11,334.01
4030-1 Sales Tax	\$ 58,500.00	\$ 53,507.28	\$ 4,992.72
4035-1 Sales Tax - Street Maintenance	\$ 14,625.00	\$ 13,376.83	\$ 1,248.17
4040-1 Mixed Beverage Tax	\$ 3,150.00	\$ 2,599.94	\$ 550.06
Total	\$ 157,775.00	\$ 118,801.02	\$ 38,973.98
Licenses/Permits			
4110-1 Permit: Building	\$ 20,000.00	\$ 25,744.00	\$ (5,744.00)
Total	\$ 20,000.00	\$ 25,744.00	\$ (5,744.00)
Capital & Property			
4051-1 Interest: Checking	\$ 2,000.00	\$ 352.16	\$ 1,647.84
4052-1 Interest: TexPool	\$ 900.00	\$ 207.34	\$ 692.66
4053-1 Interest: CD	\$ 1,160.00		\$ 1,160.00
4060-1 Leases & Rentals	\$ 21,900.00	\$ 14,255.86	\$ 7,644.14
Total	\$ 25,960.00	\$ 14,815.36	\$ 11,144.64
Municipal Court			
4210-1 Fines/Fees	\$ 240,000.00	\$ 70,032.53	\$ 169,967.47
4231-1 Security Fees	\$ 2,300.00		\$ 2,300.00
4232-1 Court Technology	\$ 3,000.00		\$ 3,000.00
4351-1 Warrant Fees	\$ 20,000.00		\$ 20,000.00
Total	\$ 265,300.00	\$ 70,032.53	\$ 195,267.47
Grants			
4091-1 Grant: Police Training	\$ -	\$ 1,229.28	\$ (1,229.28)
Total	\$ -	\$ 1,229.28	\$ (1,229.28)
Miscellaneous			
4070-1 Child Safety Fees	\$ 1,600.00	\$ 1,152.27	\$ 447.73
4080-1 Voluntary Park Contributions	\$ 500.00	\$ -	\$ 500.00
4090-1 Other Income	\$ -	\$ 4,956.03	\$ (4,956.03)
Total	\$ 2,100.00	\$ 6,108.30	\$ (4,008.30)
Transfers			
4991-1 Contribution from GF Reserve	\$ 173,755.17	\$ -	\$ 173,755.17
4992-1 Contribution from Utility Fund	\$ 142,528.84	\$ -	\$ 142,528.84
Total	\$316,284.01	\$0.00	\$316,284.01

GENERAL FUND

TOTAL REVENUES	\$ 1,556,917.01	\$ 1,018,644.49	\$ 538,272.52
-----------------------	------------------------	------------------------	----------------------

65%

CITY OF SHOREACRES FY-2013/2014 MONTHLY BUDGET REPORT

6/18/2014

GENERAL FUND EXPENDITURES ADMINISTRATION - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-10 Wages	\$ 125,091.20	\$ 84,114.54	\$ 40,976.66
6120-10 Overtime	\$ 713.70	\$ -	\$ 713.70
6140-10 Longevity	\$ 5,784.00	\$ 4,328.00	\$ 1,456.00
6145-10 Certification Pay	\$ 3,240.00	\$ 1,059.27	\$ 2,180.73
6150-10 Social Security	\$ 9,935.58	\$ 6,614.43	\$ 3,321.15
6160-10 TMRS Retirement	\$ 5,928.51	\$ 7,807.98	\$ (1,879.47)
6170-10 Health & Life Insurance	\$ 11,534.40	\$ 3,949.60	\$ 7,584.80
6180-10 Workers' Compensation	\$ 19,643.14	\$ 21,944.16	\$ (2,301.02)
6185-10 Insurance: Unemployment	\$ 2,000.00	\$ 686.05	\$ 1,313.95
6190-10 Pre-Employment	\$ 1,500.00	\$ 497.50	\$ 1,002.50
Total	\$ 185,370.53	\$ 131,001.53	\$ 54,369.00

Maintenance & Supplies

6210-10 Maintenance: Building	\$ 2,000.00	\$ 685.87	\$ 1,314.13
6215-10 Maintenance: Office Equipment	\$ 13,000.00	\$ 6,986.74	\$ 6,013.26
6230-10 Supplies: Office	\$ 7,500.00	\$ 4,618.20	\$ 2,881.80
6232-10 Supplies: Postage	\$ 2,000.00	\$ 1,727.17	\$ 272.83
6234-10 Printed Supplies	\$ 4,000.00	\$ 1,150.29	\$ 2,849.71
6270-10 Mileage Reimbursement	\$ 1,000.00	\$ 400.00	\$ 600.00
Total	\$ 29,500.00	\$ 15,568.27	\$ 13,931.73

Services

6310-10 Telephone & Internet	\$ 1,700.00	\$ 1,165.43	\$ 534.57
6315-10 Telephone: Cellular	\$ 420.00	\$ 280.00	\$ 140.00
6320-10 Utilities: Electric	\$ 4,200.00	\$ 2,231.27	\$ 1,968.73
6322-10 Utilities: Gas	\$ 300.00	\$ 197.70	\$ 102.30
6330-10 Dues & Subscriptions	\$ 3,300.00	\$ 1,928.92	\$ 1,371.08
6335-10 Checking Account Fees	\$ 2,000.00	\$ 276.62	\$ 1,723.38
6340-10 Legal Notices/Newspapers	\$ 1,500.00	\$ 471.55	\$ 1,028.45
6342-10 Election Expense	\$ 11,000.00	\$ 11,113.09	\$ (113.09)
6343-10 Merchant Service Fees	\$ 1,800.00	\$ 388.02	\$ 1,411.98
6344-10 Municipal Code	\$ 2,500.00	\$ 1,908.23	\$ 591.77
6350-10 Emergency Management	\$ 5,000.00	\$ -	\$ 5,000.00
6356-10 Special Projects/Events	\$ 2,500.00	\$ 1,646.77	\$ 853.23
6362-10 Tax Appraisal District Fees	\$ 7,000.00	\$ 4,549.00	\$ 2,451.00
6363-10 Property Tax Collection	\$ 4,500.00	\$ 4,171.65	\$ 328.35
6364-10 Auditing/Accounting	\$ 32,000.00	\$ 27,535.00	\$ 4,465.00
6365-10 Legal Fees	\$ 10,000.00	\$ 21,692.59	\$ (11,692.59)
6367-10 Building Inspector	\$ 20,000.00	\$ 11,708.00	\$ 8,292.00
6368-10 Janitorial Service	\$ 4,200.00	\$ 2,340.00	\$ 1,860.00
6369-10 Outside Services	\$ 10,000.00	\$ -	\$ 10,000.00
6370-10 Mayor/Council Expenses	\$ 3,000.00	\$ 576.97	\$ 2,423.03
6372-10 Training/Travel	\$ 2,000.00	\$ 1,147.50	\$ 852.50
6380-10 Insurance: Property	\$ 11,500.00	\$ 8,496.24	\$ 3,003.76
6384-10 Insurance: Liability	\$ 15,000.00	\$ 15,422.26	\$ (422.26)
6386-10 Insurance: Bonds	\$ 500.00	\$ -	\$ 500.00
6390-10 Fire Protection	\$ 118,015.68	\$ 81,068.60	\$ 36,947.08
6391-10 Emergency Medical Service	\$ 26,000.00	\$ 19,495.50	\$ 6,504.50
Total	\$ 299,935.68	\$ 219,810.91	\$ 80,124.77

CITY OF SHOREACRES FY-2013/2014 MONTHLY BUDGET REPORT

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Capital Outlays

6820-10 Facilities	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

ADMINISTRATION TOTAL	\$ 514,806.21	\$ 366,380.71	\$ 148,425.50
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71%

MUNICIPAL COURT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-20 Wages	\$42,848.00	\$ 28,139.60	\$ 14,708.40
6120-20 Overtime	\$1,606.80	\$ 656.65	\$ 950.15
6145-20 Certification Pay	\$1,620.00	\$ 274.55	\$ 1,345.45
6150-20 Social Security	\$3,612.85	\$ 2,315.73	\$ 1,297.12
6160-20 TMRS Retirement	\$2,148.82	\$ 2,315.73	\$ (166.91)
6170-20 Health Insurance	\$5,767.20	\$ 3,755.04	\$ 2,012.16
Total	\$ 57,603.67	\$ 37,457.30	\$ 20,146.37

Services

6292-20 Court Security	\$ 11,600.00	\$ -	\$ 11,600.00
6294-20 Court Technology	\$ 3,000.00	\$ -	\$ 3,000.00
6296-20 Municipal Court Jury Fees	\$ 450.00	\$ 66.00	\$ 384.00
6310-20 Telephone	\$ 1,210.00	\$ 802.62	\$ 407.38
6360-20 Judge Retainer	\$ 9,000.00	\$ 3,550.00	\$ 5,450.00
6361-20 Prosecutor Retainer	\$ 8,000.00	\$ 2,550.00	\$ 5,450.00
6369-20 Warrant Reporting	\$ 5,700.00	\$ 906.00	\$ 4,794.00
6372-20 Training/Travel	\$ 1,500.00	\$ 1,058.28	\$ 441.72
6390-20 State Traffic Violation Fees	\$ 76,800.00	\$ 25,730.81	\$ 51,069.19
6396-20 Maintenance Agmt	\$ 2,250.00	\$ 1,504.00	\$ 746.00
Total	\$ 119,510.00	\$ 36,167.71	\$ 83,342.29

MUNICIPAL COURT TOTAL	\$ 177,113.67	\$ 73,625.01	\$ 103,488.66
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42%

POLICE DEPARTMENT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-30 Wages, Officers	\$ 306,936.00	\$ 182,585.39	\$ 124,350.61
6125-30 Overtime	\$ 19,332.24	\$ 28,449.34	\$ (9,117.10)
6145-30 Certification Pay	\$ 9,720.00	\$ 2,063.13	\$ 7,656.87
6150-30 Social Security	\$ 25,936.27	\$ 16,422.56	\$ 9,513.71
6160-30 TMRS Retirement	\$ 15,052.14	\$ 16,107.88	\$ (1,055.74)
6170-30 Health Insurance	\$ 34,603.20	\$ 17,204.41	\$ 17,398.79
Total	\$ 411,579.85	\$ 262,832.71	\$ 148,747.14

Maintenance & Supplies

6210-30 Maintenance: Building	\$ 2,000.00	\$ 573.70	\$ 1,426.30
6220-30 Maintenance: Vehicles	\$ 7,500.00	\$ 3,974.27	\$ 3,525.73
6230-30 Supplies: Office	\$ 9,900.00	\$ 539.55	\$ 9,360.45
6240-30 Supplies: Small Equipment	\$ 12,000.00	\$ 1,729.36	\$ 10,270.64
6250-30 Supplies: Vehicle Fuel	\$ 15,000.00	\$ 10,766.64	\$ 4,233.36
6265-30 Uniforms	\$ 5,000.00	\$ 746.49	\$ 4,253.51
Total	\$ 51,400.00	\$ 18,330.01	\$ 33,069.99

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Services

6310-30 Telephone & Internet	\$ 1,300.00	\$ 802.59	\$ 497.41
6315-30 Telephone: Cellular	\$ 2,220.00	\$ 1,105.00	\$ 1,115.00
6317-30 Wireless Broadband Service	\$ 3,000.00	\$ 1,723.18	\$ 1,276.82
6319-30 Radio Airtime / HC Radio Shop Fees	\$ 2,500.00	\$ 2,499.00	\$ 1.00
6320-30 Utilities: Electric	\$ 3,700.00	\$ 2,263.19	\$ 1,436.81
6354-30 Child Safety Programs	\$ 1,600.00	\$ -	\$ 1,600.00
6368-30 Janitorial Service	\$ 2,400.00	\$ 1,450.00	\$ 950.00
6372-30 Training	\$ 3,000.00	\$ 2,088.45	\$ 911.55
6374-30 Firearm Qualifications	\$ 1,500.00	\$ 458.54	\$ 1,041.46
6375-30 Prisoner Services	\$ 15,000.00	\$ 12,198.61	\$ 2,801.39
6392-30 Dispatch Contract	\$ 36,340.00	\$ 18,641.65	\$ 17,698.35
6399-30 Contingency	\$ -	\$ -	\$ -
Total	\$ 72,560.00	\$ 43,230.21	\$ 29,329.79

Capital Outlays

6880-30 Vehicles	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

POLICE DEPARTMENT TOTAL	\$ 535,539.85	\$ 324,392.93	\$ 211,146.92
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61%

PARKS DEPARTMENT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2012/2013 Thru 05/31/14	FY-2013/2014 Balance
6110-40 Wages	\$ 37,502.40	\$ -	\$ 37,502.40
6120-40 Overtime	\$ 4,219.02	\$ -	\$ 4,219.02
6145-40 Certification Pay	\$ 1,620.00	\$ -	\$ 1,620.00
6150-40 Social Security	\$ 3,343.16	\$ -	\$ 3,343.16
6160-40 TMRS Retirement	\$ 1,988.41	\$ 2,244.38	\$ (255.97)
6170-40 Health Insurance	\$ 5,767.20	\$ 2,193.40	\$ 3,573.80
Total	\$ 54,440.19	\$ 4,437.78	\$ 50,002.41

Maintenance & Supplies

6225-40 Maintenance: Other	\$ 12,000.00	\$ 1,038.66	\$ 10,961.34
6226-40 Maintenance: Directed Contributions	\$ 500.00	\$ -	\$ 500.00
6245-40 Supplies: General	\$ 12,750.00	\$ 2,257.95	\$ 10,492.05
6250-40 Supplies: Vehicle Fuel	\$ 5,000.00	\$ 2,110.36	\$ 2,889.64
Total	\$ 30,250.00	\$ 5,406.97	\$ 24,843.03

Services

6315-40 Telephone: Cellular	\$ 360.00	\$ 240.00	\$ 120.00
6320-40 Electricity	\$ 4,000.00	\$ 1,632.65	\$ 2,367.35
6368-40 Maintenance Agreement	\$ 2,400.00	\$ 2,400.00	\$ -
6369-40 Contract Services	\$ 28,000.00	\$ 15,918.60	\$ 12,081.40
Total	\$ 34,760.00	\$ 20,191.25	\$ 14,568.75

Capital Outlays

6870-40 Equipment	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -

PARKS DEPARTMENT TOTAL	\$ 119,450.19	\$ 30,036.00	\$ 89,414.19
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25%

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PUBLIC WORKS DEPT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-50 Wages	\$ 66,435.20	\$ 54,477.18	\$ 11,958.02
6120-50 Overtime	\$ 7,473.96	\$ 3,454.58	\$ 4,019.38
6145-50 Certification Pay	\$ 3,600.00	\$ 311.55	\$ 3,288.45
6150-50 Social Security	\$ 6,008.40	\$ 4,479.48	\$ 1,528.92
6160-50 TMRS Retirement	\$ 3,573.62	\$ 2,966.28	\$ 607.34
6170-50 Health Insurance	\$ 11,534.40	\$ 4,323.54	\$ 7,210.86
Total	\$ 98,625.58	\$ 70,012.61	\$ 28,612.97

Maintenance & Supplies

6210-50 Maintenance: Building	\$ 2,000.00	\$ -	\$ 2,000.00
6220-50 Maintenance: Vehicles	\$ 1,500.00	\$ 811.08	\$ 688.92
6230-50 Supplies: Office	\$ 5,500.00	\$ 922.71	\$ 4,577.29
6240-50 Supplies: Small Tools	\$ 1,000.00	\$ -	\$ 1,000.00
6245-50 Supplies: General	\$ 4,000.00	\$ 2,168.51	\$ 1,831.49
6250-50 Supplies: Vehicle Fuel	\$ 1,000.00	\$ -	\$ 1,000.00
6255-50 Mosquito/Weed Control	\$ 2,000.00	\$ -	\$ 2,000.00
6260-50 Signs	\$ 2,000.00	\$ 68.00	\$ 1,932.00
6280-50 Road Repair/Maintenance	\$ 2,500.00	\$ -	\$ 2,500.00
6281-50 Street Maintenance (Sales Tax)	\$ 49,861.50	\$ -	\$ 49,861.50
6285-50 Storm Drainage/Maintenance	\$ 10,000.00	\$ -	\$ 10,000.00
Total	\$ 81,361.50	\$ 3,970.30	\$ 77,391.20

Services

6310-50 Telephone & Internet	\$ 1,210.00	\$ 802.56	\$ 407.44
6315-50 Telephone: Cellular	\$ 360.00	\$ 300.00	\$ 60.00
6320-50 Utilities: Electric	\$ 4,200.00	\$ 1,777.64	\$ 2,422.36
6321-50 Electricity - Street Lights	\$ 12,200.00	\$ 6,839.07	\$ 5,360.93
6352-50 Animal Control Services	\$ 1,200.00	\$ -	\$ 1,200.00
6366-50 Engineering Fees	\$ 3,000.00	\$ 2,300.00	\$ 700.00
6372-50 Training	\$ 750.00	\$ -	\$ 750.00
6369-50 Outside Services	\$ 2,000.00	\$ 219.12	\$ 1,780.88
Total	\$ 24,920.00	\$ 12,238.39	\$ 12,681.61

Capital Outlays

6820-50 Facilities	\$ 5,100.00	\$ -	\$ 5,100.00
6870-50 Equipment	\$ -	\$ -	\$ -
6880-50 Vehicles	\$ -	\$ -	\$ -
Total	\$ 5,100.00	\$ -	\$ 5,100.00

PUBLIC WORKS DEPARTMENT TOTAL	\$ 210,007.08	\$ 86,221.30	\$ 123,785.78
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41%

GENERAL FUND

TOTAL EXPENDITURES	\$ 1,556,917.01	\$ 880,655.95	\$ 676,261.06
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57%

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UTILITY FUND REVENUE

Revenue	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
4051-2 Interest: Checking	\$ 400.00	\$ 192.48	\$ 207.52
4090-2 Miscellaneous	\$ 1,000.00	\$ 892.11	\$ 107.89
4710-2 Sales of Water	\$ 273,000.00	\$ 155,244.77	\$ 117,755.23
4715-2 Water Tap Fees	\$ 1,500.00	\$ 575.00	\$ 925.00
4721-2 Late Fees	\$ 15,000.00	\$ 13,793.75	\$ 1,206.25
4810-2 Sewer Service Sales	\$ 120,750.00	\$ 94,085.14	\$ 26,664.86
4910-2 Refuse Collection	\$ 100,000.00	\$ 64,397.94	\$ 35,602.06
4920-2 UF Sales Tax	\$ 8,750.00	\$ 4,828.86	\$ 3,921.14
4999-2 Contribution from GF Reserve	\$ 394,902.37	\$ 84,326.48	\$ 310,575.89
Total	\$ 915,302.37	\$ 418,336.53	\$ 496,965.84

46%

UTILITY FUND EXPENDITURES

WATER DEPARTMENT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-70 Wages	\$ 97,905.60	\$ 58,286.21	\$ 39,619.39
6120-70 Wages, Overtime	\$ 676.13	\$ 351.64	\$ 324.49
6145-70 Certification Pay	\$ 1,980.00	\$ 886.20	\$ 1,093.80
6150-70 Social Security	\$ 7,726.63	\$ 4,584.81	\$ 3,141.82
6160-70 TMRS Retirement	\$ 4,595.58	\$ 5,300.70	\$ (705.12)
6170-70 Health Insurance	\$ 11,534.40	\$ 5,840.05	\$ 5,694.35
Total	\$ 124,418.34	\$ 75,249.61	\$ 49,168.73

Maintenance & Supplies

6210-70 Maintenance: Facilities	\$ 1,500.00	\$ -	\$ 1,500.00
6220-70 Maintenance: Vehicles	\$ 1,500.00	\$ 218.20	\$ 1,281.80
6230-70 Supplies: Office	\$ 1,000.00	\$ -	\$ 1,000.00
6232-70 Supplies: Postage	\$ 4,000.00	\$ 2,253.22	\$ 1,746.78
6234-70 Supplies: Billing	\$ 1,500.00	\$ 999.00	\$ 501.00
6236-70 Supplies: Software	\$ 3,750.00	\$ 2,065.00	\$ 1,685.00
6238-70 Supplies: Meters	\$ 1,000.00	\$ -	\$ 1,000.00
6245-70 Supplies: General	\$ 45,000.00	\$ 14,077.71	\$ 30,922.29
6250-70 Supplies: Vehicle Fuel	\$ 2,000.00	\$ 364.61	\$ 1,635.39
6265-70 Uniforms and PPE	\$ 1,000.00	\$ -	\$ 1,000.00
Total	\$ 62,250.00	\$ 19,977.74	\$ 42,272.26

Services

6310-70 Telephone	\$ 1,300.00	\$ 705.62	\$ 594.38
6315-70 Telephone: Cellular	\$ 420.00	\$ 385.00	\$ 35.00
6320-70 Utilities: Electric	\$ 24,750.00	\$ 10,773.59	\$ 13,976.41
6322-70 Utilities: Gas	\$ -	\$ -	\$ -
6324-70 Surface Water Purchase	\$ 125,000.00	\$ 70,899.39	\$ 54,100.61
6340-70 Printing & Advertising	\$ 700.00	\$ -	\$ 700.00
6348-70 Regulatory/Permitting	\$ 3,000.00	\$ 2,127.50	\$ 872.50
6355-70 Bank Service Charges	\$ 1,500.00	\$ 580.09	\$ 919.91
6358-70 Water Conservation Program	\$ 1,400.00	\$ -	\$ 1,400.00
6366-70 Engineering Fees	\$ 2,000.00	\$ -	\$ 2,000.00
6369-70 Laboratory Analysis	\$ 3,500.00	\$ 1,408.42	\$ 2,091.58
6372-70 Training/Travel	\$ 1,750.00	\$ 1,876.00	\$ (126.00)
6399-70 Water Contingency	\$ 2,500.00	\$ -	\$ 2,500.00
Total	\$ 167,820.00	\$ 88,755.61	\$ 79,064.39

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Capital Outlays

6870-70 Equipment	\$ -	\$ -	\$ -
6880-70 Vehicles	\$ -	\$ -	\$ -
6902-70 Facilities - Water Distribution	\$ 196,000.00	\$ 118,735.00	\$ 77,265.00
Total	\$ 196,000.00	\$ 118,735.00	\$ 77,265.00

Transfers

2401 To General Fund	\$ 142,528.84	\$ -	\$ 142,528.84
Total	\$ 142,528.84	\$ -	\$ 142,528.84

WATER DEPARTMENT TOTAL	\$ 693,017.17	\$ 302,717.96	\$ 390,299.21
		44%	

SEWER DEPARTMENT - Expenditures

Personnel	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6110-80 Wages	\$ 37,502.40	\$ 21,912.00	\$ 15,590.40
6120-80 Wages, Overtime	\$ 4,219.02	\$ 828.00	\$ 3,391.02
6145-80 Certification Pay	\$ 1,980.00	\$ -	\$ 1,980.00
6150-80 Social Security	\$ 3,343.16	\$ 1,739.61	\$ 1,603.55
6160-80 TMRS Retirement	\$ 1,988.41	\$ 2,034.52	\$ (46.11)
6170-80 Health Insurance	\$ 5,767.20	\$ 3,463.63	\$ 2,303.57
Total	\$ 54,800.19	\$ 29,977.76	\$ 24,822.43

Maintenance & Supplies

6215-80 Maintenance: Equipment	\$ 2,500.00	\$ 1,299.40	\$ 1,200.60
6245-80 Supplies: General	\$ 2,000.00	\$ 1,388.94	\$ 611.06
6250-80 Supplies: Vehicle Fuel	\$ 2,800.00	\$ 1,335.70	\$ 1,464.30
6270-80 Mileage Reimbursement	\$ 500.00	\$ -	\$ 500.00
Total	\$ 7,800.00	\$ 4,024.04	\$ 3,775.96

Services

6315-80 Telephone: Cellular	\$ 360.00	\$ 60.00	\$ 300.00
6320-80 Utilities: Electric	\$ 12,500.00	\$ 4,647.16	\$ 7,852.84
6366-80 Engineering Fees	\$ 1,000.00	\$ -	\$ 1,000.00
6369-80 Outside Services	\$ 2,000.00	\$ 8,808.58	\$ (6,808.58)
6372-80 Training/Travel	\$ 600.00	\$ -	\$ 600.00
6398-80 Contract: Treatment	\$ 17,500.00	\$ 12,085.09	\$ 5,414.91
6399-80 Contingency	\$ 6,000.00	\$ -	\$ 6,000.00
Total	\$ 39,960.00	\$ 25,600.83	\$ 14,359.17

Capital Outlays

6902-80 Facilities	\$ -	\$ -	\$ -
	\$0.00	\$0.00	\$0.00

SEWER DEPARTMENT TOTAL	\$ 102,560.19	\$ 59,602.63	\$ 42,957.56
		58%	

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REFUSE COLLECTION - Expenditures

Refuse Collection	FY-2013/2014 Budget	FY-2013/2014 Thru 05/31/14	FY-2013/2014 Balance
6245-90 Supplies: General	\$ -	\$ -	\$ -
6285-90 Heavy Pick-Up	\$ 25,000.00	\$ 13,618.20	\$ 11,381.80
6394-90 Collection Contract	\$ 87,225.00	\$ 42,397.74	\$ 44,827.26
6920-90 UF Sales Tax	\$ 7,500.00	\$	\$ 7,500.00
	\$ 119,725.00	\$ 56,015.94	\$ 63,709.06

REFUSE DEPARTMENT TOTAL	\$ 119,725.00	\$ 56,015.94	\$ 63,709.06
		47%	

UTILITY FUND

EXPENDITURE TOTAL	\$ 915,302.37	\$ 418,336.53	\$ 496,965.84
		46%	

General Fund			Utility Fund			Service Deposits		
Credits	Debits	Balance	Credits	Debits	Balance	Credits	Debits	Balance
		\$ 104,964.83			\$ 46,802.98			\$ 53,454.82
OCT \$ 192,129.47	\$ (224,158.48)	\$ 72,935.82	\$ 66,783.61	\$ (23,677.25)	\$ 89,909.34	\$ 900.00	\$ (57.30)	\$ 54,297.52
Gain/(Loss)	\$ (32,029.01)		Gain/(Loss)	\$ 43,106.36		Gain/(Loss)	\$ 842.70	
NOV \$ 97,641.01	\$ (103,677.47)	\$ 66,899.36	\$ 38,236.39	\$ (76,193.48)	\$ 51,952.25	\$ 300.00	\$ (63.43)	\$ 54,534.09
Gain/(Loss)	\$ (6,036.46)		Gain/(Loss)	\$ (37,957.09)		Gain/(Loss)	\$ 236.57	
DEC \$ 109,100.73	\$ (88,014.21)	\$ 87,985.88	\$ 46,251.91	\$ (39,264.97)	\$ 58,939.19	\$ 600.00	\$ -	\$ 55,134.09
Gain/(Loss)	\$ 21,086.52		Gain/(Loss)	\$ 6,986.94		Gain/(Loss)	\$ 600.00	
JAN \$ 383,663.55	\$ (143,423.68)	\$ 328,225.75	\$ 42,767.13	\$ (47,927.34)	\$ 53,778.98	\$ 200.00	\$ -	\$ 55,334.09
Gain/(Loss)	\$ 240,239.87		Gain/(Loss)	\$ (5,160.21)		Gain/(Loss)	\$ 200.00	
FEB \$ 313,254.36	\$ (190,473.68)	\$ 451,006.43	\$ 41,980.26	\$ (33,572.52)	\$ 62,186.72	\$ 600.00	\$ (471.74)	\$ 55,462.35
Gain/(Loss)	\$ 122,780.68		Gain/(Loss)	\$ 8,407.74		Gain/(Loss)	\$ 128.26	
MAR \$ 56,292.90	\$ (246,395.88)	\$ 260,903.45	\$ 172,404.39	\$ (159,884.40)	\$ 74,706.71	\$ 800.00	\$ (3,221.46)	\$ 53,040.89
Gain/(Loss)	\$ (190,102.98)		Gain/(Loss)	\$ 12,519.99		Gain/(Loss)	\$ (2,421.46)	
APR \$ 34,495.55	\$ (113,368.57)	\$ 182,030.43	\$ 42,519.53	\$ (31,876.03)	\$ 85,350.21	\$ 500.00	\$ (27.93)	\$ 53,512.96
Gain/(Loss)	\$ (78,873.02)		Gain/(Loss)	\$ 10,643.50		Gain/(Loss)	\$ 472.07	
MAY \$ 47,252.93	\$ (104,642.32)	\$ 124,641.04	\$ 25,003.67	\$ (31,957.60)	\$ 78,396.28	\$ 1,100.00	\$ (39.15)	\$ 54,573.81
Gain/(Loss)	\$ (57,389.39)		Gain/(Loss)	\$ (6,953.93)		Gain/(Loss)	\$ 1,060.85	
JUN		\$ 124,641.04			\$ 78,396.28			\$ 54,573.81
Gain/(Loss)	\$ -		Gain/(Loss)	\$ -		Gain/(Loss)	\$ -	
JUL		\$ 124,641.04			\$ 78,396.28			\$ 54,573.81
Gain/(Loss)	\$ -		Gain/(Loss)	\$ -		Gain/(Loss)	\$ -	
AUG		\$ 124,641.04			\$ 78,396.28			\$ 54,573.81
Gain/(Loss)	\$ -		Gain/(Loss)	\$ -		Gain/(Loss)	\$ -	
SEP		\$ 124,641.04			\$ 78,396.28			\$ 54,573.81
Gain/(Loss)	\$ -		Gain/(Loss)	\$ -		Gain/(Loss)	\$ -	
\$ 1,233,830.50	\$ (1,214,154.29)		\$ 475,946.89	\$ (444,353.59)		\$ 5,000.00	\$ (3,881.01)	
Gain/(Loss)	\$ 19,676.21		Gain/(Loss)	\$ 31,593.30		Gain/(Loss)	\$ 1,118.99	

TxCDBG Fund

		Credits	Debits	Balance
				\$ 1,639.97
OCT	\$	0.03	\$ (32.26)	\$ 1,607.74
		Gain/(Loss)	\$ (32.23)	
NOV	\$	0.02	\$ (20.00)	\$ 1,587.76
		Gain/(Loss)	\$ (19.98)	
DEC	\$	12,468.81	\$ (12,488.74)	\$ 1,567.83
		Gain/(Loss)	\$ (19.93)	
JAN	\$	25,748.81	\$ (32.26)	\$ 27,284.38
		Gain/(Loss)	\$ 25,716.55	
FEB	\$	83,806.12	\$ (83,826.11)	\$ 27,264.39
		Gain/(Loss)	\$ (19.99)	
MAR	\$	151,916.92	\$ (32.26)	\$ 179,149.05
		Gain/(Loss)	\$ 151,884.66	
APR	\$	100,966.69	\$ (151,938.92)	\$ 128,176.82
		Gain/(Loss)	\$ (50,972.23)	
MAY	\$	1.28	\$ (126,746.61)	\$ 1,431.49
		Gain/(Loss)	\$ (126,745.33)	
JUN				\$ 1,431.49
		Gain/(Loss)	\$ -	
JUL				\$ 1,431.49
		Gain/(Loss)	\$ -	
AUG				\$ 1,431.49
		Gain/(Loss)	\$ -	
SEP				\$ 1,431.49
		Gain/(Loss)	\$ -	
		\$ 374,908.68	\$ (375,117.16)	
		Gain/(Loss)	\$ (208.48)	

TexPool					
	Deposits		Interest	Withdrawals	Balance
					\$ 954,702.90
OCT	\$ -	\$ 38.44	\$ (100,000.00)		\$ 854,741.34
			Gain/(Loss)		\$ (99,961.56)
NOV	\$ -	\$ 31.31	\$ -		\$ 854,772.65
			Gain/(Loss)		\$ 31.31
DEC	\$ -	\$ 26.96	\$ -		\$ 854,799.61
			Gain/(Loss)		\$ 26.96
JAN	\$ -	\$ 19.86	\$ -		\$ 854,819.47
			Gain/(Loss)		\$ 19.86
FEB	\$ 100,000.00	\$ 20.39	\$ -		\$ 954,839.86
			Gain/(Loss)		\$ 100,020.39
MAR	\$ -	\$ 24.26	\$ -		\$ 954,864.12
			Gain/(Loss)		\$ 24.26
APR	\$ -	\$ 26.30	\$ -		\$ 954,890.42
			Gain/(Loss)		\$ 26.30
MAY	\$ -	\$ 19.82	\$ -		\$ 954,910.24
			Gain/(Loss)		\$ 19.82
JUN			\$ -		\$ 954,910.24
			Gain/(Loss)		\$ -
JUL			\$ -		\$ 954,910.24
			Gain/(Loss)		\$ -
AUG			\$ -		\$ 954,910.24
			Gain/(Loss)		\$ -
SEP			\$ -		\$ 954,910.24
			Gain/(Loss)		\$ -
	\$ 100,000.00	\$ 207.34	\$ (100,000.00)		
	Gain/(Loss)		\$ 207.34		

Certificate	Issue Date	Interest Paid	Value	Interest Rate	Maturity Date
42716758	7/19/2013		\$ 60,161.20	0.0500%	7/19/2014
42716757	7/19/2013		\$ 60,161.20	0.0500%	7/19/2014
42713649	12/19/2011		\$ 64,709.55	0.8500%	2/19/2014
42713648	12/19/2011		\$ 64,709.55	0.8500%	2/19/2014
			\$ 249,741.50		

FY 2013/2014 PROPERTY TAX COLLECTION

2013 Taxable Value: \$ 79,384,559.00

Budgeted Tax Revenue: \$ 769,498.00

Delinquent Taxes: \$ 37,447.46

Tax Roll			2013 Taxes		Delinquent Taxes			Disbursed Totals	
Correction (+/-)	Adjusted Value		Current Levy	Collections	Correction	Current Levy	Collections	Month	YTD
OCT \$ 2,992,466.00	\$ 82,377,025.00	\$ 695,576.19	\$ 6,895.33	\$ -	\$ 37,447.46	\$ 904.99	\$ 7,990.28	\$ 7,990.28	
NOV \$ 10,510,993.00	\$ 92,888,018.00	\$ 784,329.04	\$ 39,450.50	\$ (337.76)	\$ 37,109.70	\$ 1,252.62	\$ 40,990.54	\$ 48,980.82	
DEC \$ 449,988.00	\$ 93,338,006.00	\$ 788,128.66	\$ 307,972.16	\$ -	\$ 37,109.70	\$ 2,125.74	\$ 310,669.99	\$ 359,650.81	
JAN \$ 56,461.00	\$ 93,394,467.00	\$ 788,605.41	\$ 322,047.58	\$ 7,195.55	\$ 44,305.25	\$ 4,737.32	\$ 328,087.34	\$ 687,738.15	
FEB \$ (209,767.00)	\$ 93,184,700.00	\$ 786,834.18	\$ 52,954.45	\$ -	\$ 44,305.25	\$ 2,541.62	\$ 57,183.83	\$ 744,921.98	
MAR \$ (29,145.00)	\$ 93,155,555.00	\$ 786,588.07	\$ 11,035.35	\$ (665.80)	\$ 43,639.45	\$ 9,716.26	\$ 22,360.89	\$ 767,282.87	
APR \$ -	\$ 93,155,555.00	\$ 786,588.07	\$ 10,540.62	\$ -	\$ 43,639.45	\$ 1,559.69	\$ 13,688.96	\$ 780,971.83	
MAY \$ (33,974.00)	\$ 93,121,581.00	\$ 786,301.20	\$ 5,045.04	\$ (498.75)	\$ 43,140.70	\$ 343.81	\$ 6,071.14	\$ 787,042.97	
JUN									
JUL									
AUG									
SEP									

\$ 13,737,022.00 Correction	Collection \$ 755,941.03 98%	\$ 5,693.24 Collection \$ 23,182.05 64%	\$ 787,042.97 Disbursed 98%
-----------------------------	---------------------------------	--------------------------------------------	--------------------------------

General Sales Tax (4030)

FY-2012	FY-2013	+ / -
---------	---------	-------

OCT	\$ 5,314.10	\$ 9,483.17	\$ 4,169.07	78%
NOV	\$ 5,740.59	\$ 5,648.48	\$ (92.11)	-2%
DEC	\$ 5,091.71	\$ 3,752.74	\$ (1,338.97)	-26%
JAN	\$ 4,254.22	\$ 8,539.60	\$ 4,285.38	101%
FEB	\$ 5,352.90	\$ 6,122.42	\$ 769.52	14%
MAR	\$ 4,775.10	\$ 5,339.79	\$ 564.69	12%
APR	\$ 5,071.94	\$ 5,641.02	\$ 569.08	11%
MAY	\$ 4,605.09	\$ 5,058.81	\$ 453.72	10%
JUN	\$ 5,292.29			
JUL	\$ 5,398.82			
AUG	\$ 5,212.73			
SEP	\$ 8,980.06			

TOTAL	\$ 65,089.55	\$ 49,586.03	\$ (15,503.52)	-24%
BUDGET	\$ 50,000.00	\$ 52,000.00		
+ / -	\$ 15,089.55	\$ (2,413.97)		
	130%	95%		

Road Maintenance Sales Tax (4035)

FY-2012	FY-2013	+ / -
---------	---------	-------

OCT	\$ 1,328.52	\$ 2,370.79	\$ 1,042.27	78%
NOV	\$ 1,435.15	\$ 1,412.12	\$ (23.03)	-2%
DEC	\$ 1,272.93	\$ 938.19	\$ (334.74)	-26%
JAN	\$ 1,063.55	\$ 2,134.90	\$ 1,071.35	101%
FEB	\$ 1,338.22	\$ 1,530.60	\$ 192.38	14%
MAR	\$ 1,193.78	\$ 1,334.95	\$ 141.17	12%
APR	\$ 1,267.98	\$ 1,410.26	\$ 142.28	11%
MAY	\$ 1,151.27	\$ 1,264.70	\$ 113.43	10%
JUN	\$ 1,323.07			
JUL	\$ 1,349.70			
AUG	\$ 1,303.18			
SEP	\$ 2,245.02			

TOTAL	\$ 16,272.37	\$ 12,396.51	\$ (3,875.86)	-24%
BUDGET	\$ 12,500.00	\$ 13,000.00		
+ / -	\$ 3,772.37	\$ (603.49)		
	130%	95%		

**ORDINANCE No. 2014-159
CITY OF SHOREACRES, TEXAS**

AN ORDINANCE APPROVING AND AUTHORIZING AN AMENDMENT TO AGREEMENT BETWEEN THE CITY OF SHOREACRES AND HARRIS COUNTY AS PREVIOUSLY APPROVED BY ORDINANCE NO. 93-06 RELATING TO PARTICIPATION IN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM; MAKING VARIOUS FINDINGS AND PROVISIONS RELATING TO THE SUBJECT; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; AND PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHOREACRES:

That if any section, clause, sentence, or phrase of this Ordinance is held to be invalid or unconstitutional by any court of competent jurisdiction, then said holding shall in no way affect the validity of the remaining portions of this Ordinance; and,

Section 1. The City Council hereby approves and authorizes the contract, agreement, or other undertaking described in the title of this ordinance, a copy of which is on file in the office of the City Secretary. The Mayor is hereby authorized to execute all related documents on behalf of the City of Shoreacres to confirm acceptance by the City of Shoreacres. The City Secretary is hereby authorized to attest to all such signatures and to affix the seal of the City to all such documents.

Section 2. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 3. This Ordinance shall be effective from and after its passage and approval, and it is so ordered.

The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

PASSED AND APPROVED this the 23rd day of June 2014.

(CITY SEAL)

Rick Moses, Mayor

ATTEST:

David K. Stall, CFM
City Secretary

M/2	Yea	Nay	N/V	Absent
<input type="checkbox"/> R. Moses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> R. Adams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> B. Bunker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> N. Schnell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> M. Wheeler	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> N. Moyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Passed / Failed _____

David Stall, City Secretary - Date



HARRIS COUNTY, TEXAS

COMMUNITY SERVICES DEPARTMENT

Office of Housing & Community Development

David B. Turkel
Executive Director
Daphne Lemelle
Community Development Director

8410 Lantern Point Drive
Houston, Texas 77054
Tel (713) 578-2000
Fax (713) 578-2090

May 12, 2014

The Honorable Matt Webber
Mayor of Shoreacres
601 Shoreacres Blvd.
Shoreacres, Texas 77571

ATTN: David Stall

Dear Mayor Webber:

The Harris County Community Services Department formally invites the City of Shoreacres to continue to participate with Harris County in building better communities through its Community Development Block Grant (CDBG) program. This department was created in 1975 by the Harris County Commissioners Court to administer the U.S. Department of Housing and Urban Development (HUD) Entitlement grant programs for Harris County. The primary objective of these programs is to develop viable urban communities by implementing the following strategies:

1. By providing decent housing and a suitable living environment, and;
2. By expanding economic opportunities, principally for low-income persons and the elderly.

Since the inception of Harris County's HUD Entitlement grant programs, which includes the CDBG, Emergency Solutions Grant (ESG) and HOME Investment Partnership (HOME) Grant, over \$230 million have been directed toward public services, affordable housing, neighborhood revitalization, emergency shelters, improved community facilities and services, improved storm drainage systems, parks and senior citizen centers.

All projects must benefit low-income residents of Harris County's HUD service area, which includes unincorporated Harris County and cities within the county that have signed Cooperative Agreements. Presently, Harris County has Cooperative Agreements with the following cities:

Bellaire
Jacinto City
Morgan's Point
Shoreacres

Deer Park
Katy
Seabrook
South Houston

Galena Park
Webster
West University Place
Tomball

Humble
La Porte

Please note that Houston, Baytown, and Pasadena have their own community development programs and are not within the Harris County service area.

HUD has begun its Urban County Qualification Process for the first year of the county's current qualification period, which will include Program Years 2015-2017. During this time, urban areas such as Harris County are encouraged to allow cities to participate in its CDBG and HOME programs. Participation in the Harris County CDBG and HOME programs will allow the City of Shoreacres to potentially benefit from these federal programs.

City of Shoreacres
May 12, 2014
Page 2 of 2

If you are an existing Cooperative City, please approve and return the enclosed **Amendment to Agreement** by June 12, 2014. Per HUD directive, Harris County is required to amend its Cooperative City Agreements to reflect new requirements regarding the Community Development Block Grant and HOME Investment Partnership funding. Amendments to the original agreement are allowed under Section V., Paragraph (2)(b) of the agreement, which has also been enclosed.

If you have any questions, please have your designee contact Janeen Spates, at (713) 578-2000. We sincerely look forward to working with the City of Shoreacres regarding its community development efforts.

Sincerely,

A handwritten signature in dark ink, appearing to read "D. B. Turkel", written over a horizontal line.

David B. Turkel,
Executive Director

DBT:DL/CL/wp

ENCLOSURE (2)

AMENDMENT TO AGREEMENT

Per the 2014 U.S. Department of Housing and Urban Development (HUD) appropriation bill, Harris County is required to amend its cooperative city agreements to reflect new requirements regarding the Community Development Block Grant and HOME Investment Partnership funding.

The amendment will modify the agreement between the City of _____ and Harris County executed on ____, ____, _____. On this date the City elected to have its population included as a portion of that population of the county in the county's "urban county" application to the U.S. Department of Housing and Urban Development (HUD) for funding for the Community Development Block Grant and HOME Investment Partnership.

The amendment adds the following paragraph to section IV, B:

(3) that a unit of general local government may not sell, trade, or otherwise transfer all or any portion of such funds to another such metropolitan city, urban county, unit of general local government, or Indian tribe, or insular area that directly or indirectly receives CDBG funds in exchange for any other funds, credits or non-Federal considerations, but must use such funds for activities eligible under title I of the Act. This new requirement is contained in the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2014, Pub. L. 113-76

The amendment has been executed by the parties hereto as follows:

- a. It has been executed on behalf of the Harris County on the ____ day of _____, 2014, by the County Judge of Harris County and attested by the County Clerk of Harris County, pursuant to pursuant to an order of the Commissioners Court of Harris County authorizing such execution.
- b. It has been executed on behalf of the City of _____ on the ____ day of _____, 2014, by its Mayor and Attested by its City Secretary/Manager, pursuant to ordinance of the City Council of the City authorizing such execution.

ATTEST:

Harris County

City of

By _____
County Judge

By _____
Mayor

By _____
County Clerk

By _____
City Secretary/Manager

By _____
Assistant County Attorney

By _____
City Attorney

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A G R E E M E N T

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This Agreement, made and entered into by and between HARRIS COUNTY, a body corporate and politic under the laws of the State of Texas, hereinafter sometimes referred to as "County," and THE CITY OF SHOREACRES, a municipal corporation under the laws of the State of Texas, hereinafter sometimes referred to as the "City."

W I T N E S S E T H:

WHEREAS, the City has elected to have its population included as a portion of that population of the County in the County's "urban county" applications to the U.S. Department of Housing and Urban Development (HUD) for funding for the Community Development Block Grant (CDBG) program under the Housing and Community Development Act of 1974 and funding for the HOME Investment Partnership (HOME) program under Title II of the National Affordable Housing Act for Fiscal Years 1994-96 and such additional funding periods as provided by the terms of this Agreement, said applications being hereinafter sometimes referred to as the "Grant Applications"; and

WHEREAS, the County is willing to include all of the City's population in the Grant Applications and to cooperate with the City in the implementation of the City's Community Development Program; and

WHEREAS, the Texas Legislature has enacted the "Texas Community Development Act of 1975," codified as Chapter 373 of the TEX.LOC.GOV'T CODE ANN. (Vernon Supp. 1993), which provides, in part, for the authorization of cities to implement a community development program; and

WHEREAS, the Texas Legislature has further enacted "The Interlocal Cooperation Act," codified as Chapter 791 of the TEX.GOV'T CODE ANN. (Vernon 1993), which provides, in part, that the County may contract with the City to perform governmental functions and services for the City.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That the County and the City in consideration of the mutual covenants and agreements herein contained, do mutually agree as follows:

I.

The City agrees to allow the County to include the City's population in the Grant Applications, and the County agrees to include the same in the Grant Applications.

II.

The City agrees to allow the U.S. Department of Housing and Urban Development to use the City's population and other necessary demographic characteristics in the determination of whether the County will qualify as an "urban county" as defined in the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.), as amended, and the rules and regulations promulgated pursuant thereto.

III.

The County and the City agree to cooperate to undertake, or to assist in undertaking, community renewal and lower income housing assistance activities, specifically urban renewal and publicly assisted housing, as further set out in 24 CFR 570.307(c).

IV.

(A) The City acknowledges that it is aware that the Grant Applications have not yet been completed or submitted to the U. S. Department of Housing and Urban Development and that no determination has been made at the time of execution of this Agreement as to where and for what purposes the funding, if any, for the CDBG and the HOME programs will be sought or expended. In this regard it is agreed that Harris County shall not be obligated to seek funds for expenditure in the City or for assistance to residents of the City in the Grant Applications. If such funds for expenditure in the City or for assistance to its residents are awarded as a result of the Grant Applications, the County may, in its sole discretion, override such distribution of the award and spend such funds elsewhere and/or for other purposes when necessary or desirable in order to achieve compliance with Title I of the Housing and Community Development Act of 1974, as amended, and all appropriate implementing regulations applicable thereto. The City has received no assurance, written or oral, from the County to the contrary and is aware that the execution of this contract does not constitute any guarantee on the part of the County that funds received pursuant to the Grant Applications, if any, will be expended for projects within the City limits of the City or for assistance to the residents of the City.

(B) The City also acknowledges that upon execution of this Agreement, the City:

- (1) may not apply for grants under the Small Cities or State CDBG Programs from appropriations for fiscal years during the period in which it is participating in the urban county's CDBG program; and
- (2) may not participate in a HOME consortium except through the urban county, regardless of whether the urban county receives a HOME formula allocation.

V.

This Agreement shall remain in full force and effect for the following period:

- (1) During the entire urban qualification funding period for Fiscal Years 1994-96 and for such additional time as may be required for the expenditure of CDBG and HOME funds granted to the County for such period, as well as any income received with respect to such period. The City acknowledges that it has been advised and is aware that federal regulations applicable to the Grant Applications do not permit the County to allow the City to withdraw from this Agreement or otherwise terminate this Agreement at any time during this period, unless the County fails to receive a grant for any year during such period.
- (2) This Agreement will automatically be renewed for the three-year urban qualification period which begins the year in which the next qualification of the urban county is scheduled, and for any successive three-year qualification periods, unless the following events occur:
 - (a) The City or the County may terminate this Agreement at the end of any qualification period by giving written notice to the other party prior to the beginning of the next urban county qualification period, with a copy of such termination notice being sent to the HUD Field Office; or
 - (b) In the event changes are made in the law or regulations relating to requirements for cooperation agreements, the parties must adopt an amendment to this Agreement incorporating such required changes. Failure to enter into such written amendment (with a copy thereof sent to the HUD Field Office), as necessary to meet the requirements set forth in the Urban County Qualification Notice applicable for the

year in which such qualification of the urban county is scheduled, shall void the automatic renewal provision of this Agreement.

The County agrees to notify the City in writing of the City's right to elect not to participate in subsequent three-year qualification periods. Such notice must be sent to the City by the date specified in HUD's urban qualification notice for each successive qualification period.

VI.

In the performance of this Agreement, County and City agree to take all actions necessary to assure compliance with County's certification required by section 104(b) of Title I of the Housing and Community Development Act of 1974, as amended, including Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), the Fair Housing Act (42 U.S.C. 3601-20), section 109 of Title I of the Housing and Community Development Act of 1974, the Americans with Disabilities Act and other applicable laws, regulations and executive orders, including but not limited to those set out under Subpart K, 24 CFR §§ 570.600-.613.

The City agrees and understands that Harris County is prohibited from funding activities in or in support of any cooperating city that does not affirmatively further fair housing within its own jurisdiction or that impedes Harris County's actions to comply with its fair housing certification as required under 24 CFR 570.303.

VII.

The City agrees and understands that pursuant to 24 CFR 570.501(b), it is subject to the same requirements applicable to sub-recipients, including the requirement of a written agreement as set forth in 24 CFR 570.503.

VIII.

Should the U. S. Department of Housing and Urban Development reject or refuse to accept this Agreement for any reason, the County may terminate this Agreement by giving written notice of such termination to the City.

IX.

The County and City agree that the County has authority to carry out activities which will be funded from annual Community Development Block Grants and HOME allocations and from any program income generated from the expenditure of such funds.

X.

The County and City by executing this Agreement certify that each has adopted and is enforcing to the extent authorized by state law:

- (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and
- (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.

XI.

This Agreement shall be of no force and effect unless and until it is executed by both parties hereto and certified by counsel for all parties hereto on the forms set forth below.

IN WITNESS WHEREOF this instrument in duplicate originals, has been executed by the parties hereto as follows:

- a. It has been executed on behalf of Harris County on the 29th day of June, 1993, by the County Judge of Harris County and attested by the County Clerk of Harris County pursuant to an order of the Commissioners Court of Harris County authorizing such execution;
- b. It has been executed on behalf of the City of Shoreacres on the _____ day of _____, 1993, by its Mayor and attested by its City Secretary, pursuant to ordinance of the City Council of the City authorizing such execution.

ATTEST:

MOLLY PRYOR
County Clerk

By Kevin Maury
KEVIN MAUZY
Deputy County Clerk

HARRIS COUNTY

By Jon Lindsay
JON LINDSAY
County Judge

ATTEST:

By Dennis E. Browning
City Secretary

CITY OF SHOREACRES

By Paul H. Blum
Mayor

RESOLUTION NO. 2010-27

A RESOLUTION CREATING AN AUDIT COMMITTEE TO ENSURE THAT CITY MANAGEMENT, INDEPENDENT AUDITORS, AND THE CITY COUNCIL CONTINUE TO FULLY MEET THEIR RESPECTIVE RESPONSIBILITIES TO PROVIDE SOUND FINANCIAL REPORTING, INTERNAL CONTROLS, AND OVERALL ACCOUNTABILITY IN A PUBLIC SECTOR ENVIRONMENT; SETTING THE COMPOSITION OF THE COMMITTEE; REQUIRED MEETINGS; AND DUTIES.

WHEREAS, the City of Shoreacres recognizes the importance of creating an Audit Committee as it is considered a best practice; and

WHEREAS, the City Council desires to create an Audit Committee in order to give the external auditors the independence necessary to conduct the annual financial statement audit required by Texas Local Government Code, Section 103.001; and

WHEREAS, formation of the Committee ensures regular, direct communication between the independent auditors and the governing body; and

WHEREAS, a Committee helps to preserve and enhance the objectivity and independence of the financial statement audit by allowing a forum in which the independent auditor can candidly discuss audit-related matters with members of the City Council.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Shoreacres,

Section 1. The City of Shoreacres Audit Committee (Committee) is created for the purpose of focusing the governing body's attention on its responsibility for internal control and financial reporting. The Audit Committee shall monitor the conduct of the external auditors and advise the City Council as necessary.

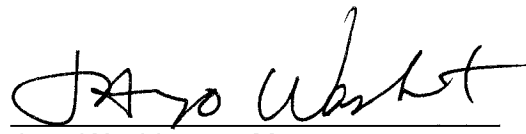
Section 2. The Committee is composed of three to five members including two members of Council, the City Administrator, and up to two citizen members at large.

- (a) Council shall elect two of its own members to serve on the committee.
- (b) The Mayor, if elected to the Committee, shall act as the Chair of the Committee. The Mayor, if not a member of the Committee, shall appoint one of the elected Councilmembers to act as the Chair of the Committee.
- (c) Citizen members of the Committee, if any, will be appointed by the City Council. It is preferable that the appointed citizen members have a financial background to serve on the Audit Committee.
- (d) The initial term of council and citizen members shall expire on June 30, 2010. After June 30, 2010, members shall serve a two year term beginning on July 1 and ending on June 30 of each even numbered year thereafter.

Section 3. The Committee shall meet at a minimum twice annually. One meeting shall be a pre-audit meeting with the independent auditors. A second meeting shall be held to discuss other issues the auditor or management considers significant. Management shall prepare responses to the independent auditor's management letter. The responses shall be reviewed by the Committee. This meeting will occur within forty-five (45) days of the issuance of the final audit report each year. These reports will be provided to the Committee and the City Council. The Committee may elect to make a presentation to Council advising the Council on the outcome of the audit, any audit findings, or any other pertinent communications.

Section 5. This Resolution is effective immediately following adoption by the City Council and signature by the Mayor.

PASSED AND APPROVED this 8th day of February, 2010.


Jayo Washington, Mayor

(City Seal)

ATTEST:



David K. Stall, CFM
City Administrator / City Secretary


City of Shoreacres – Meeting Minutes

- 8.21 Consideration and action to appoint two members of City Council to the Audit Committee for a term ending on June 30, 2014.

Bo Bunker moved to appoint Councilwoman Schnell and Councilman Moses to the Audit Committee for a term ending on June 30, 2014; seconded by Steven Jones. Motion carried unanimously.

- 8.22 Consideration and action to appoint two citizen at large members to the Audit Committee for a term ending on June 30, 2014.

Nancy Schnell moved to appoint Mrs. Diane Victor and Ms. Charlotte Wells to the Audit Committee for a term ending on June 30, 2014; seconded by Bo Bunker. Motion carried unanimously.

-  8.23 Consideration and action to require department heads to attend all regular city council meetings.

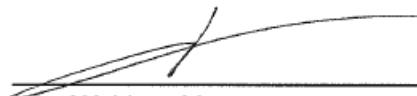
Nancy Schnell moved to require the Public Works Director and Chief of Police to attend all regular city council meetings; seconded by Rick Moses. Motion carried unanimously.

ADJOURNMENT.


Rick Moses moved to adjourn the council meeting at 9:56 p.m.; seconded by Bo Bunker. Motion carried unanimously.

PASSED AND APPROVED ON THIS 24th DAY OF JUNE, 2013.

(CITY SEAL)


Matt Webber, Mayor pro tempore

ATTEST:



David K. Stall, CFM
City Administrator / City Secretary

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