

CITY OF COTTONWOOD SHORES
GENERAL PURPOSE FINANCIAL STATEMENTS
SEPTEMBER 30, 1989

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Honorable Mayor and Commissioners
City of Cottonwood Shores
Marble Falls, Texas

We have audited the accompanying general purpose financial statements of the City of Cottonwood Shores as of September 30, 1989 and September 30, 1988 and for the years then ended. These financial statements are the responsibility of the City of Cottonwood's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Cottonwood Shores at September 30, 1989 and September 30, 1988, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

Geistweidt, Neffendorf, Klein + Knopp, P.C.

GEISTWEIDT, NEFFENDORF, KLEIN & KNOPP, P. C.
Fredericksburg, Texas

November 10, 1989

CITY OF COTTONWOOD SHORES
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 SEPTEMBER 30, 1989

	<u>Governmental</u> <u>Fund Type</u>	<u>Account</u> <u>Group</u>	<u>Total (Memorandum Only)</u>	
<u>ASSETS</u>	<u>General</u> <u>Fund</u>	<u>General</u> <u>Fixed Assets</u>	<u>September 30,</u> <u>1989</u>	<u>1988</u>
Cash in Bank	\$ 204.72	\$	\$ 204.72	\$ 683.70
Money Market Account	11,917.42		11,917.42	
Taxes Receivable	2,196.90		2,196.90	
General Fixed Assets		<u>217.29</u>	<u>217.29</u>	
TOTAL ASSETS	<u>\$14,319.04</u>	<u>\$ 217.29</u>	<u>\$14,536.33</u>	<u>\$ 683.70</u>
 <u>LIABILITIES AND FUND EQUITY</u> 				
Liabilities:				
Accounts Payable	\$ 139.25	\$	\$ 139.25	\$
Accrued Payroll Tax	214.02		214.02	
Deferred Revenues-Property Taxes	<u>2,196.90</u>		<u>2,196.90</u>	
Total Liabilities	<u>\$ 2,550.17</u>	<u>\$</u>	<u>\$ 2,550.17</u>	<u>\$</u>
Fund Equity:				
Invested in General Fixed Assets	\$	\$ 217.29	\$ 217.29	\$
Fund Balances- Undesignated	<u>11,768.87</u>		<u>11,768.87</u>	
Total Fund Equity	<u>\$11,768.87</u>	<u>\$ 217.29</u>	<u>\$11,986.16</u>	<u>\$ 683.70</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$14,319.04</u>	<u>\$ 217.29</u>	<u>\$14,536.33</u>	<u>\$ 683.70</u>

The accompanying notes are integral part of this financial statement.

CITY OF COTTONWOOD SHORES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED SEPTEMBER 30, 1989

	General Fund	Totals (Memorandum Only)	
		September 30, 1989	1988
<u>Revenues</u>			
Ad Valorem Taxes	\$23,461.85	\$23,461.85	\$
Penalty and Interest	401.02	401.02	
Delinquent Collection Fees	23.02	23.02	
Mixed Beverage Tax	2,299.08	2,299.08	1,201.20
Septic Permits	600.00	600.00	
Interest on Investments	444.71	444.71	
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>\$27,229.68</u>	<u>\$27,229.68</u>	<u>\$ 1,201.20</u>
<u>Expenditures</u>			
Current:			
Salaries and Labor	\$ 6,410.67	\$ 6,410.67	\$
Office Expenses	1,006.28	1,006.28	67.50
Election Costs	707.42	707.42	
Travel and Seminars	665.07	665.07	
Attorney Fees	790.00	790.00	450.00
Accounting and Auditing	160.00	160.00	
Dues	866.00	866.00	
Appraisal District Fees	1,378.63	1,378.63	
Rent	1,800.00	1,800.00	
Payroll Tax	321.03	321.03	
Telephone	591.10	591.10	
Planning Grant Fees	300.00	300.00	
Inspections and Permits	400.00	400.00	
Engineering	200.00	200.00	
Delinquent Tax Attorney Fees	3.52	3.52	
Bonds	327.50	327.50	
Capital Outlay:			
Office Equipment	217.29	217.29	
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>\$16,144.51</u>	<u>\$16,144.51</u>	<u>\$ 517.50</u>
Excess of Revenues over Expenditures	\$11,085.17	\$11,085.17	\$ 683.70
Beginning Fund Balance - October 1	683.70	683.70	
	<u> </u>	<u> </u>	<u> </u>
Ending Fund Balance - September 30	<u>\$11,768.87</u>	<u>\$11,768.87</u>	<u>\$ 683.70</u>

The accompanying notes are an integral part of this financial statement.

CITY OF COTTONWOOD SHORES
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED SEPTEMBER 30, 1989

	<u>Budget</u>	<u>Actual</u>	Over (Under)
<u>Revenues</u>			
Ad Valorem Tax Collections	\$24,530.00	\$23,461.85	\$(1,068.15)
Penalty and Interest		401.02	401.02
Delinquent Collection Fees		23.02	23.02
Mixed Beverage Tax		2,299.08	2,299.08
Interest Earned		444.71	444.71
Septic Permits		<u>600.00</u>	<u>600.00</u>
 Total Revenues	 <u>\$24,530.00</u>	 <u>\$27,229.68</u>	 <u>\$ 2,699.68</u>
<u>Expenditures</u>			
City Secretary	\$ 6,000.00	\$ 6,410.67	\$ 410.67
Office Expenses	1,500.00	1,006.28	(493.72)
Election Costs	2,000.00	707.42	(1,292.58)
Travel and Seminars	4,000.00	665.07	(3,334.93)
Attorney Fees	2,000.00	790.00	(1,210.00)
Accounting and Auditing	1,000.00	160.00	(840.00)
Dues	1,000.00	866.00	(134.00)
Appraisal District Fees	1,200.00	1,378.63	178.63
Rent	1,800.00	1,800.00	
Other Operating Expenses	4,030.00	2,143.15	(1,886.85)
Capital Outlay		<u>217.29</u>	<u>217.29</u>
 Total Expenditures	 <u>\$24,530.00</u>	 <u>\$16,144.51</u>	 <u>\$(8,385.49)</u>
 Excess of Revenues over Expenditures	 \$	 \$11,085.17	 \$11,085.17
 Fund Balance - October 1, 1988	 <u>683.70</u>	 <u>683.70</u>	 <u> </u>
 Fund Balance - September 30, 1989	 <u>\$ 683.70</u>	 <u>\$11,768.87</u>	 <u>\$11,085.17</u>

The accompanying notes are an integral part of this financial statement.

CITY OF COTTONWOOD SHORES
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 1989

Note 1. Significant Accounting Policies

The City of Cottonwood Shores was incorporated August 8, 1987, as a general "Class C" city. The city operates under a Mayor-Council form of government.

The accounting policies of the City of Cottonwood Shores conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity - The Mayor and City Council is the level of government which has governance responsibilities over all activities with the jurisdiction of the City of Cottonwood Shores. The city is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since the Mayor and Council are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. Fund Accounting - The accounts of the city are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the accompanying financial statements into the following categories:

Governmental Funds

General Fund - The general fund is the general operating fund of the city.

Account Groups

General Fixed Assets - Fixed assets used in governmental fund type operations are accounted for in this account group.

C. Basis of Accounting - Governmental fund type revenues and expenditures are recorded on the modified accrual basis. Revenues are recorded when they become available and measurable. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recorded when due.

D. Taxes Receivable - Property taxes are recorded as revenue when collected and the amount of billed but uncollected taxes are deferred pending collection.

E. General Fixed Assets - Purchases of fixed assets are capitalized at cost in the General Fixed Asset account group, offset by a similar invested fund-balance account. There is no provision for depreciation on assets in this account group.

F. Total Columns on Combined Financial Statements - The "Totals - Memorandum Only" columns of the combined financial statements is a total of all fund types and account groups and does not present consolidated financial information.

Note 2. Deposits

Deposits were with a local financial institution in demand and interest bearing accounts which were secured at the balance sheet date by FDIC coverage.

Note 3. Property Taxes

Property taxes are levied by October 1 and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to the property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

The city contracted with the Burnet County Appraisal District for the appraisal and collection of taxes. For the 1988 tax roll, the assessed valuation was \$12,852,041 and the tax rate was \$.20 per \$100 valuation. A summary of taxes receivable appears below:

<u>Tax Roll</u>	<u>1988 Assessments and Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable 9/30/89</u>
1988	<u>\$25,658.75</u>	<u>\$23,461.85</u>	<u>\$ 2,196.90</u>

Note 4. Lease Agreement

The city leases meeting space and facilities from the Cottonwood Shores Property Owners Association for \$1,800 per year. This lease is by verbal agreement and on an annual basis. The city will pay \$1,800 for lease for the fiscal year ending September 30, 1990.

Note 5. General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 10/1/88</u>	<u>Purchases</u>	<u>Deletions</u>	<u>Balance 9/30/89</u>
Office Equipment	<u>\$ -0-</u>	<u>\$ 271.29</u>	<u>\$ -0-</u>	<u>\$ 271.29</u>