

TOWN OF HOLLYWOOD PARK, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2012**

TOWN OF HOLLYWOOD PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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TOWN OF HOLLYWOOD PARK

PRINCIPAL OFFICERS

TOWN OFFICIALS

MAYOR

MARK PERRY

TOWN COUNCIL

STEVE PHILLIPS

SUDIE SARTOR

TIM MCCALLUM

MATT AMERMAN

PAUL HOMBURG

CITY SECRETARY

JANICE ALAMIA

ATTORNEY

MICHAEL S. BRENNAN

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Council
Town of Hollywood Park

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Hollywood Park, as of and for the year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Hollywood Park's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our 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, each major fund and the aggregate remaining fund information of the Town of Hollywood Park, as of September 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 3 through 8 and 38 through 42, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hollywood Park's financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

December 04, 2012



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hollywood Park's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended September 30, 2012. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

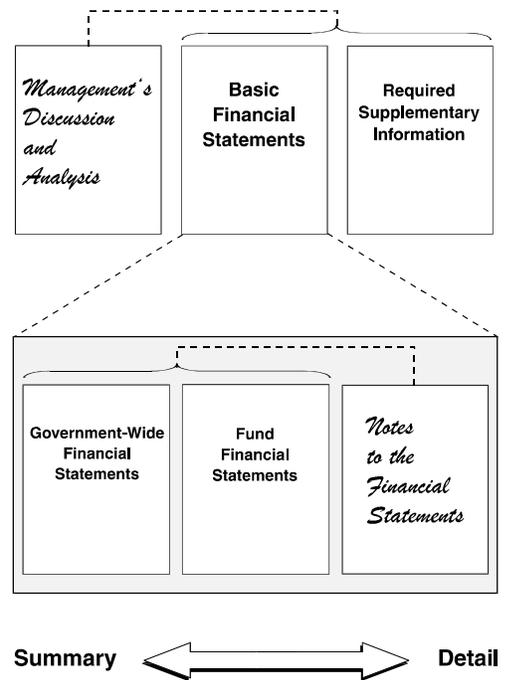
- The Town's total combined net assets were \$7,074,632 at September 30, 2012.
- During the year, the Town's governmental expenses were \$499,862 less than the \$3,552,314 generated in general and program revenues for governmental funds. The total cost of the Town's programs decreased 3.3% from the prior year.
- The general fund reported a fund balance this year of \$844,468, an increase of 14.6%.
- The Town did not issue any new debt during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Town's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the City's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
	Fund Statements		
<i>Type of Statements</i>	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: sewer
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses & changes in net assets • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the Town’s financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town’s net assets and how they have changed. Net assets—the difference between the Town’s assets and liabilities—is one way to measure the Town’s financial health or *position*.

- Over time, increases or decreases in the Town’s net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional non-financial factors such as changes in the Town’s tax base.

- The government-wide financial statements of the Town include the *Governmental activities*. Most of the Town's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town has the following kinds of funds:

- *Governmental funds*—Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Net assets. The Town's combined net assets were \$7,074,632 at September 30, 2012. (See Table A-1).

Table A-1
City's Net Assets

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2012	2011	2012	2011	2012	2011	
<i>Assets:</i>							
Current Assets	\$ 3,654,278	\$ 3,151,633	\$ 167,969	\$ 194,732	\$ 3,822,247	\$ 3,346,365	14.2
Capital Assets (net)	3,839,054	4,007,307	-	-	3,839,054	4,007,307	(4.2)
<i>Total Assets</i>	<u>7,493,332</u>	<u>7,158,940</u>	<u>167,969</u>	<u>194,732</u>	<u>7,661,301</u>	<u>7,353,672</u>	4.2
<i>Liabilities:</i>							
Current Liabilities	418,732	443,933	16,619	8,199	435,351	452,132	(3.7)
Long-Term Liabilities	151,318	291,587	-	-	151,318	291,587	(48.1)
<i>Total Liabilities</i>	<u>570,050</u>	<u>735,520</u>	<u>16,619</u>	<u>8,199</u>	<u>586,669</u>	<u>743,719</u>	(21.1)
<i>Net Assets:</i>							
Invested in Capital Assets	3,616,272	3,715,720	-	-	3,616,272	3,715,720	(2.7)
Restricted	2,449,496	2,028,494	-	-	2,449,496	2,028,494	20.8
Unrestricted	857,514	679,206	151,350	186,533	1,008,864	865,739	16.5
<i>Total Net Assets</i>	<u>\$ 6,923,282</u>	<u>\$ 6,423,420</u>	<u>\$ 151,350</u>	<u>\$ 186,533</u>	<u>\$ 7,074,632</u>	<u>\$ 6,609,953</u>	7.0

The unrestricted net assets represent resources available to fund the programs of the Town next year.

Governmental Activities

- Property tax rates increased for the fiscal year ending September 30, 2012, leading to an increase in property tax revenues of \$163,557 to \$2,120,227.

Table A-2
Changes in City's Net Assets

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2012	2011	2012	2011	2012	2011	
<i>Program Revenues:</i>							
Charges for Services	\$ 186,168	\$ 545,651	\$ 86,917	\$ 88,729	\$ 273,085	\$ 634,380	(57.0)
Operating Grants and Contributions	3,486	8,376	-	-	3,486	8,376	(58.4)
Capital Contributions	-	-	-	-	-	-	0.0
<i>General Revenues:</i>							
Taxes	3,244,833	3,050,108	-	-	3,244,833	3,050,108	6.4
Interest Earnings	2,492	2,774	17	16	2,509	2,790	(10.1)
Miscellaneous	115,335	29,283	-	-	115,335	29,283	293.9
TOTAL REVENUES	3,552,314	3,636,192	86,934	88,745	3,639,248	3,724,937	(2.3)
<i>Program Expenses:</i>							
General Government	453,158	585,046	-	-	453,158	585,046	(22.5)
Police	805,999	807,721	-	-	805,999	807,721	(0.2)
Fire	902,020	908,304	-	-	902,020	908,304	(0.7)
Public Works	232,041	196,081	-	-	232,041	196,081	18.3
Municipal Court	70,662	66,676	-	-	70,662	66,676	6.0
Recreation	103,880	105,401	-	-	103,880	105,401	(1.4)
Sanitation	469,219	473,518	-	-	469,219	473,518	(0.9)
Sewer	-	-	122,117	89,733	122,117	89,733	36.1
Interest on Debt	15,473	10,707	-	-	15,473	10,707	44.5
TOTAL EXPENSES	3,052,452	3,153,454	122,117	89,733	3,174,569	3,243,187	(2.1)
Change in Net Assets	\$ 499,862	\$ 482,738	\$ (35,183)	\$ (988)	\$ 464,679	\$ 481,750	3.5

Table A-3 presents the cost of each of the Town's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$3,052,451. Taxpayers paid for 70% of these activities through property taxes of \$2,120,227. 6.1% of the cost was paid by those who directly benefited from the programs.

Table A-3
Net Cost of Selected City Functions

	Total Cost of Services			Percentage Change	Net Cost of Services			Percentage Change
	2012	2011			2012	2011		
General Government	\$ 453,158	\$ 585,046	(22.5)	\$ 394,332	\$ 510,790	(22.8)		
Police	805,999	807,721	(0.2)	800,013	800,341	(0.0)		
Fire	902,020	908,304	(0.7)	902,020	556,480	62.1		
Public Works	232,041	196,081	18.3	232,041	196,081	18.3		
Municipal Court	70,662	66,676	6.0	(41,637)	(38,305)	8.7		
Recreation	103,880	105,401	(1.4)	91,337	89,815	1.7		
Sanitation	469,219	473,518	(0.9)	469,219	473,518	(0.9)		
Sewer	122,117	89,733	36.1	35,200	1,004	3406.0		

Business-Type Activities

Revenues of the Town's Sewer business-type activities increased 2.0% to \$86,917, but operating expenses increased 36% to \$122,118. Fluctuations in revenues and expenses are primarily related to changes in water consumption; however, the cost of treating sewage has increased and engineering costs were incurred to evaluate the Town's infrastructure.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Revenues from governmental fund types totaled \$3,518,471, a decrease of 3.5% from the preceding year. The largest decrease is attributable to the loss of the interlocal agreement with Hill Country Village to provide them with fire protection services.

Budgetary Highlights

The Town's actual expenditures in the General Fund were \$107,054 less than budgeted amounts, and the Economic Development Corporation's expenditures were also under budget by \$87,098. The Town amended the General Fund budget during the year to account small line item changes. The Economic Development Corporation did not amend their budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2012, the Town had invested \$6,164,481 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
City's Capital Assets
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	
Land	\$ 402	\$ 402	\$ -	\$ -	\$ 402	\$ 402	0.0
Buildings and Improvements	2,502	2,496	-	-	2,502	2,496	0.2
Equipment	1,981	1,900	-	-	1,981	1,900	4.3
Infrastructure	1,229	1,215	-	-	1,229	1,215	1.2
Construction in Progress	49	-	-	-	49	-	100.0
Totals at Historical Cost	6,163	6,013	-	-	6,163	6,013	2.5
Total Accumulated Depreciation	(2,325)	(2,007)	-	-	(2,325)	(2,007)	15.8
Net Capital Assets	<u>\$ 3,838</u>	<u>\$ 4,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,838</u>	<u>\$ 4,006</u>	(4.2)

More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the Town had a capital lease of \$222,782 outstanding as shown in Table A-5. The Town has no bonds. More detailed information about the Town's debt is presented in the notes to the financial statements.

Table A-5
City's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	
Capital Leases	\$ 223	\$ 292	\$ -	\$ -	\$ 223	\$ 292	(23.6)
Total Long-Term Debt	\$ 223	\$ 292	\$ -	\$ -	\$ 223	\$ 292	(23.6)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2013 budget, tax rates, and fees that will be charged. The economic outlook for Bexar County remains stable. The Town's budget levels remain similar to previous years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall at (210) 494-2023.



TOWN OF HOLLYWOOD PARK
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2012

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



TOWN OF HOLLYWOOD PARK
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 3,405,889	\$ 160,752	\$ 3,566,641
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	49,038	-	49,038
Other	199,351	7,217	206,568
Capital Assets:			
Land	402,442	-	402,442
Buildings and Improvements	2,502,253	-	2,502,253
Vehicles and Equipment	1,981,495	-	1,981,495
Infrastructure	1,228,930	-	1,228,930
Construction in Progress	49,361	-	49,361
Accumulated Depreciation	(2,325,427)	-	(2,325,427)
TOTAL ASSETS	<u>\$ 7,493,332</u>	<u>\$ 167,969</u>	<u>\$ 7,661,301</u>
LIABILITIES AND NET ASSETS			
<i>Liabilities:</i>			
Accounts Payable	\$ 93,273	\$ 16,619	\$ 109,892
Accrued Expenses	40,597	-	40,597
Accrued Interest Payable	5,380	-	5,380
Deposits	1,674	-	1,674
Accrued Compensated Absences	145,948	-	145,948
Net Pension Obligation	60,396	-	60,396
<i>Noncurrent Liabilities:</i>			
Due within One Year	71,464	-	71,464
Due in more than One Year	151,318	-	151,318
TOTAL LIABILITIES	<u>570,050</u>	<u>16,619</u>	<u>586,669</u>
<i>Net Assets:</i>			
Invested in Capital Assets, Net of Related Debt	3,616,272	-	3,616,272
Restricted for:			
Special Revenues	2,449,496	-	2,449,496
Unrestricted	857,514	151,350	1,008,864
TOTAL NET ASSETS	<u>6,923,282</u>	<u>151,350</u>	<u>7,074,632</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,493,332</u>	<u>\$ 167,969</u>	<u>\$ 7,661,301</u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General and Administrative	\$ 453,158	\$ 58,826	\$ -	\$ -
Police	805,999	2,500	3,486	-
Fire	902,020	-	-	-
Public Works	232,041	-	-	-
Municipal Court	70,662	112,299	-	-
Recreation	103,880	12,543	-	-
Sanitation	469,219	-	-	-
Interest on Long-term Debt	15,473	-	-	-
<i>Total Governmental Activities</i>	<u>3,052,452</u>	<u>186,168</u>	<u>3,486</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Sewer	122,117	86,917	-	-
Total Primary Government	<u>\$ 3,174,569</u>	<u>\$ 273,085</u>	<u>\$ 3,486</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (394,332)		\$ (394,332)
(800,013)		(800,013)
(902,020)		(902,020)
(232,041)		(232,041)
41,637		41,637
(91,337)		(91,337)
(469,219)		(469,219)
(15,473)		(15,473)
<u>(2,862,798)</u>		<u>(2,862,798)</u>
	\$ (35,200)	(35,200)
		<u>(2,897,998)</u>
2,120,227	-	2,120,227
227,018	-	227,018
822,297	-	822,297
75,291	-	75,291
2,492	17	2,509
115,335	-	115,335
<u>3,362,660</u>	<u>17</u>	<u>3,362,677</u>
499,862	(35,183)	464,679
<u>6,423,420</u>	<u>186,533</u>	<u>6,609,953</u>
<u>\$ 6,923,282</u>	<u>\$ 151,350</u>	<u>\$ 7,074,632</u>

TOWN OF HOLLYWOOD PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Major Fund General Fund	Major Fund Hotel Tax	Major Fund Venue Tax
ASSETS			
Cash and Cash Equivalents	\$ 844,928	\$ 934,762	\$ 1,003,822
Receivables (net of allowances for uncollectibles):			
Property Taxes	49,038	-	-
Other Receivables	115,162	21,444	31,373
TOTAL ASSETS	\$ 1,009,128	\$ 956,206	\$ 1,035,195
 LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 78,711	\$ -	\$ 14,561
Accrued Expenditures	40,597	-	-
Deposits	1,674	-	-
Deferred/Unearned Revenues	43,678	-	-
TOTAL LIABILITIES	164,660	-	14,561
 <i>Fund Balances:</i>			
Restricted for:			
Tourism Development	-	956,206	-
Economic Development	-	-	-
Venue Construction and Maintenance	-	-	1,020,634
Municipal Court	-	-	-
Street Maintenance	-	-	-
Police	-	-	-
Donor Stipulations	-	-	-
Assigned for:			
Capital Projects	-	-	-
Unassigned	844,468	-	-
<i>Total Fund Balances</i>	844,468	956,206	1,020,634
TOTAL LIABILITIES & FUND BALANCES	\$ 1,009,128	\$ 956,206	\$ 1,035,195

See accompanying notes to basic financial statements.

<u>Major Fund Economic Development</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 207,359	\$ 415,019	\$ 3,405,890
-	-	49,038
15,686	15,686	199,351
<u>\$ 223,045</u>	<u>\$ 430,705</u>	<u>\$ 3,654,279</u>
\$ -	\$ 2	\$ 93,274
-	-	40,597
-	-	1,674
-	-	43,678
<u>-</u>	<u>2</u>	<u>179,223</u>
-	-	956,206
223,045	-	223,045
-	-	1,020,634
-	21,684	21,684
-	224,574	224,574
-	1,323	1,323
-	2,030	2,030
-	181,092	181,092
-	-	844,468
<u>223,045</u>	<u>430,703</u>	<u>3,475,056</u>
<u>\$ 223,045</u>	<u>\$ 430,705</u>	<u>\$ 3,654,279</u>



TOWN OF HOLLYWOOD PARK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	3,475,056
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,839,054
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		43,678
Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.		(145,948)
Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds.		(222,782)
The governmental funds report pension plan contributions as expenditures when they are paid. However, in the statement of net assets, the difference between contributions made and the actuarial accrued pension costs are reported as an asset or obligation. This amount represents the cumulative amount that pension costs exceeded actual contributions.		(60,396)
Accrued interest payable on debt is not due and payable in the current period and, therefore, not reported in the funds.		<u>(5,380)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	<u><u>6,923,282</u></u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	<u>Major Fund</u> General Fund	<u>Major Fund</u> Hotel Tax	<u>Major Fund</u> Venue Tax
REVENUES			
Ad Valorem Taxes	\$ 2,111,832	\$ -	\$ -
Franchise Fees	227,018	-	-
Sales Taxes	413,646	-	204,326
Hotel Occupancy Tax	-	75,291	-
Fines and Penalties	106,960	-	-
Licenses and Permits	56,767	-	-
Interest Income	844	180	1,070
Miscellaneous	35,338	-	-
TOTAL REVENUES	<u>2,952,405</u>	<u>75,471</u>	<u>205,396</u>
EXPENDITURES			
<i>Current:</i>			
General and Administrative	393,498	-	-
Police	760,085	-	-
Fire	812,740	-	-
Public Works	128,706	-	-
Municipal Court	67,076	-	-
Recreation	48,318	-	4,949
Sanitation	469,219	-	-
Capital Outlay	85,067	-	54,218
<i>Debt Service:</i>			
Principal	68,805	-	-
Interest and Fiscal Charges	11,267	-	-
TOTAL EXPENDITURES	<u>2,844,781</u>	<u>-</u>	<u>59,167</u>
Net Change in Fund Balance	107,624	75,471	146,229
Fund Balances at Beginning of Year	<u>736,844</u>	<u>880,735</u>	<u>874,405</u>
Fund Balances at End of Year	<u>\$ 844,468</u>	<u>\$ 956,206</u>	<u>\$ 1,020,634</u>

See accompanying notes to basic financial statements.

<u>Major Fund</u> <u>Economic</u> <u>Development</u>	<u>Total</u> <u>Nonmajor</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ -	\$ 2,111,832
-	-	227,018
102,163	102,163	822,298
-	-	75,291
-	5,341	112,301
-	-	56,767
199	190	2,483
-	75,143	110,481
<u>102,362</u>	<u>182,837</u>	<u>3,518,471</u>
5,067	-	398,565
-	-	760,085
-	90	812,830
-	-	128,706
-	-	67,076
-	-	53,267
-	-	469,219
5,585	8,371	153,241
-	-	68,805
-	-	11,267
<u>10,652</u>	<u>8,461</u>	<u>2,923,061</u>
91,710	174,376	595,410
<u>131,335</u>	<u>256,327</u>	<u>2,879,646</u>
<u>\$ 223,045</u>	<u>\$ 430,703</u>	<u>\$ 3,475,056</u>



TOWN OF HOLLYWOOD PARK
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, 2012

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	595,410												
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>														
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.</p>		(168,251)												
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		8,395												
<p>The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets.</p> <p style="padding-left: 40px;">Principal Payments</p>		68,805												
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> <table style="width: 100%; margin-left: 40px;"> <tr> <td style="width: 60%;">Change in Compensated Absences</td> <td style="width: 10%; text-align: right;">5,103</td> <td style="width: 30%;"></td> </tr> <tr> <td>Change in Net Pension Obligation</td> <td style="text-align: right;">(5,394)</td> <td></td> </tr> <tr> <td>Change in Accrued Interest</td> <td style="text-align: right;">(4,206)</td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">(4,497)</td> <td style="text-align: right; border-top: 1px solid black;">(4,497)</td> </tr> </table>	Change in Compensated Absences	5,103		Change in Net Pension Obligation	(5,394)		Change in Accrued Interest	(4,206)			(4,497)	(4,497)		
Change in Compensated Absences	5,103													
Change in Net Pension Obligation	(5,394)													
Change in Accrued Interest	(4,206)													
	(4,497)	(4,497)												
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	499,862												

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF NET ASSETS – PROPRIETARY FUND
SEPTEMBER 30, 2012

	Business-Type Activities
	Sewer Fund
ASSETS	
Cash and Cash Equivalents	\$ 160,752
Receivables (net of allowances for uncollectibles)	7,217
TOTAL ASSETS	\$ 167,969
LIABILITIES AND NET ASSETS	
<i>Liabilities:</i>	
Accounts Payable	\$ 16,619
<i>Total Liabilities</i>	16,619
<i>Net Assets:</i>	
Unrestricted	151,350
<i>Total Net Assets</i>	151,350
TOTAL LIABILITIES & NET ASSETS	\$ 167,969

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2012

	Business-Type Activities
	Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 86,917
TOTAL OPERATING REVENUES	86,917
OPERATING EXPENSES	
Waste Water Treatment Fees	100,222
Maintenance	21,446
Miscellaneous	449
TOTAL OPERATING EXPENSES	122,117
OPERATING INCOME (LOSS)	(35,200)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	17
TOTAL NONOPERATING REVENUES (EXPENSES)	17
CHANGE IN NET ASSETS	(35,183)
NET ASSETS AT BEGINNING OF YEAR	186,533
NET ASSETS AT END OF YEAR	\$ 151,350

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Business-Type Activities
	Sewer Fund
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 86,655
Cash Paid to Suppliers for Goods and Services	(113,697)
Net Cash Provided (Used) by Operating Activities	(27,042)
Cash Flows From Investing Activities:	
Investment Interest Received	17
Net Cash Provided (Used) by Investing Activities	17
Net Increase (Decrease) in Cash and Cash Equivalents	(27,025)
Cash and Cash Equivalents at Beginning of Year	187,777
Cash and Cash Equivalents at End of Year	\$ 160,752
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (35,200)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(262)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	8,420
Total Adjustments to Reconcile Operating Activities	8,158
Net Cash Provided (Used) by Operating Activities	\$ (27,042)

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hollywood Park, Texas (“Town”) was incorporated in 1955 under the provisions of the State of Texas. The Town operates under a General Law Charter, which was adopted October 5, 1951. The Town provides the following services as authorized by its charter: police and fire protection, sanitation, parks and recreation, general administrative services, and sewer services.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2012, the Town had one component unit that is blended in these financial statements:

Hollywood Park Economic Development Corporation

The Town exerts significant control over the Economic Development Corporation (EDC), a legally separate entity. The EDC uses the taxing authority of the Town and exists only to benefit the Town and its community. This qualifies the EDC as a component unit, which is recorded as a separate fund of the Town. The EDC collects a ¼ cent sales tax to promote the economic growth in the Town of Hollywood Park. The EDC does not issue separate financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net assets and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Hotel Tax Fund, Venue Tax Fund and Economic Development Fund all meet the criteria as *major governmental funds*.

3. 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. This measurement focus is also used for 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. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. 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. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Town and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, police, fire, recreation, public works, municipal court and sanitation.

Hotel Tax Fund is used to account for the proceeds of an occupancy tax on local hotels and motels. The funds are used to promote tourism in the Town.

Venue Tax Fund is used to account for proceeds from a ½ cent sales tax to fund various venues in the Town. Currently it is funding the development and operations of Triangle Park.

Economic Development Fund is used to account for the ¼ cent sales tax used to promote business development in the Town. This fund is a separate legal entity reported as a blended component unit of the Town.

The Town has the following nonmajor governmental funds: Court Technology, Court Security, Grants & Donations, Asset Forfeiture, Capital Projects, Street Maintenance, and Asset Seizure.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The Town's Proprietary Fund is the Sewer Fund (used to account for the provision of sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Town.

5. INVESTMENTS

State statutes authorize the Town to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The Town has all its monies in interest bearing checking accounts, savings accounts, government investment pools, and certificates of deposit. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2011 and past due after January 31, 2012. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles; however, presently the Town estimates that all accounts are collectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the Town. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

9. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$200 or more and a useful life in excess of 1 year. Infrastructure assets include Town-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

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

Asset	Estimated Life
Buildings and Improvements	5 to 30 years
Streets and Infrastructure	5 to 25 years
Furniture, Fixtures, Vehicles	5 to 25 years

10. COMPENSATED ABSENCES

Full-time employees earn vacation leave at varying rates depending on length of service and department worked. No more than 20 days (160 hours for regular employees, 240 for firefighters, and 200 hours for police) may be carried over annually. Accumulated vacation leave is paid on termination.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. COMPENSATED ABSENCES (Cont.)

Full-time employees earn sick leave monthly at varying rates depending on their department. Sick leave benefits carryover each year up to a maximum of 584 hours for regular employees, 876 hours for firefighters and 730 hours for police. A portion of unused sick leave (ranging from 0% to 50% depending on years of service) is paid upon termination. Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

11. DEFERRED/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue. Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

13. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. FUND BALANCES (Cont.)

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Town Council. Committed amounts cannot be used for any other purpose unless the Town Council removes those constraints through the same formal action.

Assigned - Represents amounts which the Town intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or Finance Director.

Unassigned - Represents the residual balance that may be spent on any other purpose of the Town.

When an expenditure is incurred for a purpose in which multiple classifications are available, the Town considers restricted balances spent first, committed second and assigned third.

14. NET ASSETS

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

15. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the Town, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

17. USE OF ESTIMATES

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

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B -- DEPOSITS AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Town's agent bank approved pledge securities in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits

At September 30, 2012, the carrying amount of the primary government's (the Town) cash on hand was \$300 and the carrying amount of deposits in bank was \$1,317,644 and the bank balance was \$1,328,519. Of the bank balance, \$250,000 was covered by federal deposit insurance and the Town's depository had pledged securities having a face value of \$1,760,818 and market value of \$1,965,444 as collateral for the Town's deposits. All of the Town's cash was fully collateralized.

2. Investments

The Town is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

The Act determines the types of investments which are allowable for the Town. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The Town's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of Town Council.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

The Town's investments at September 30, 2012 consist of \$2,248,697 in TexPool, a 2a7 like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAM. The investment in TexPool is included in cash and cash equivalents.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Town was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Town was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Town's name. At year end, the Town was not significantly exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Town was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the Town was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Town was not exposed to foreign currency risk.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

4. Investment Accounting Policy

The Town's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

NOTE C -- PROPERTY TAX CALENDAR

The Town's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the Town. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2011, upon which the fiscal 2012 levy was based, was \$392,718,914 (i.e., market value less exemptions). The estimated market value was \$400,271,310, making the taxable value 98.1% of the estimated market value.

The Town is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2012, was \$0.536710 per \$100 of assessed value, which means that the Town has a tax margin of \$1.96329 for each \$100 value and could increase its annual tax levy by approximately \$7,710,211 based upon the present assessed valuation before the limit is reached. However, the Town may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE D -- OTHER RECEIVABLES

Other receivables for the Town as of September 30, 2012 are as follows:

<i>Primary Government</i>	General Fund	Hotel Tax	Venue Tax	EDC	Nonmajor Funds
Sales and Mixed Beverage Tax	\$ 63,986	\$ -	\$ 31,373	\$ 15,686	\$ 15,686
Franchise Tax	50,577	-	-	-	-
Hotel Occupancy Tax	-	21,444	-	-	-
Miscellaneous	599	-	-	-	-
Total Other Receivables	<u>\$ 115,162</u>	<u>\$ 21,444</u>	<u>\$ 31,373</u>	<u>\$ 15,686</u>	<u>\$ 15,686</u>

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2011	Additions	Disposals/ Transfers	Balance 9/30/2012
Land	\$ 402,442	\$ -	\$ -	\$ 402,442
Buildings and Improvements	2,496,320	5,933	-	2,502,253
Vehicles and Equipment	1,899,934	104,076	(22,515)	1,981,495
Infrastructure	1,215,202	13,728	-	1,228,930
Construction in Progress	-	49,361	-	49,361
	<u>6,013,898</u>	<u>173,098</u>	<u>(22,515)</u>	<u>6,164,481</u>
Less Accumulated Depreciation				
Buildings and Improvements	(750,428)	(100,228)	-	(850,656)
Vehicles and Equipment	(1,005,165)	(95,942)	22,515	(1,078,592)
Infrastructure	(250,998)	(145,181)	-	(396,179)
	<u>(2,006,591)</u>	<u>(341,351)</u>	<u>22,515</u>	<u>(2,325,427)</u>
Governmental Capital Assets, Net	<u>\$ 4,007,307</u>	<u>\$ (168,253)</u>	<u>\$ -</u>	<u>\$ 3,839,054</u>

Land and Construction in Progress are not depreciated.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE E -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 45,907
Municipal Court	3,377
Police Department	51,121
Fire Department	88,197
Public Works	102,137
Parks and Recreation	<u>50,612</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 341,351</u></u>

NOTE F -- LONG-TERM DEBT

Capital Lease

On June 8, 2010, the City agreed to lease purchase a fire truck through Oshkosh Capital. An old fire truck was traded in and a down payment of \$190,000 was made towards the purchase. The remaining portion of \$362,264 was financed through a lease that commenced on February 14, 2011 and requires five annual payments of \$80,072 beginning on that date. The lease has an effective interest rate of 3.9%. The fire truck is included in capital assets for a cost of \$560,860 with accumulated depreciation of \$88,803 as of September 30, 2012.

Changes in Long-Term Liabilities

Governmental Activities	Balance 10/1/2011	Additions	Reductions	Balance 9/30/2012	Due Within One Year
<i>Capital Leases:</i>					
Fire Truck	\$ 291,587	\$ -	\$ (68,805)	\$ 222,782	\$ 71,464
Compensated Absences	151,051	-	(5,103)	145,948	145,948
Total Governmental Activities	<u>442,638</u>	<u>-</u>	<u>(73,908)</u>	<u>368,730</u>	<u>217,412</u>
 Total Primary Government	 <u><u>\$ 442,638</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ (73,908)</u></u>	 <u><u>\$ 368,730</u></u>	 <u><u>\$ 217,412</u></u>

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2012, including interest payments, are as follows:

Year Ending September 30,	Lease Payments
2013	\$ 80,072
2014	80,072
2015	<u>80,072</u>
	240,216
Less: Amount Representing Interest	<u>(17,434)</u>
	<u><u>\$ 222,782</u></u>

TOWN OF HOLLYWOOD PARK
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The Town provides pension benefits for all of its eligible employees through a nontraditional, 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 Town are within the options available in the governing state statutes of TMRS.

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

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

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee deposit rate	6%	6%
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 Town's contribution rate is annually determined by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are 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 the Town. Both the normal cost and the prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation are as follows:

Annual Required Contribution (ARC)	\$ 121,549
Interest on Net Pension Obligation	3,850
Adjustment to the ARC	<u>(3,310)</u>
Annual Pension Cost	122,089
Contributions Made	<u>(116,695)</u>
Increase (decrease) in Net Pension Obligation	5,394
Net Pension Obligation, beginning of year	<u>55,002</u>
Net Pension Obligation, end of year	<u><u>\$ 60,396</u></u>

Fiscal Year Ending September 30,	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contribution	Increase to Net Pension Obligation
2010	\$ 125,506	\$ 104,630	83%	\$ 20,876
2011	133,688	117,632	88%	16,056
2012	122,089	116,695	96%	5,394

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2011	\$ 2,909,305	\$ 3,442,886	84.5%	\$ 533,581	\$ 1,400,625	38.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations; information for the December 31, 2011 valuation also follows:

Actuarial Valuation Date	12/31/09	12/31/10	12/31/11
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
Remaining Amortization Period	28.0 years; closed period	26.9 years; closed period	26.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10 -year smoothed market	10 -year smoothed market	10 -year smoothed market
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contributions to the TMRS SDBF for the fiscal years ending December 31, 2012, 2011 and 2010 were \$2,121, \$2,356 and \$2,268, respectively, which equaled the required contributions each year.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE I -- COMMITMENTS AND CONTINGENCIES

Litigation

The Town is the subject of various claims and litigation that have arisen in the course of its operations. Management is of the opinion that the Town's liability in these cases, if decided adversely to the Town, will not have a material effect on the Town's financial position.

Commitment

The Town's has entered into an agreement with a contractor to provide drainage improvements to Triangle Park for an estimated cost of \$123,745. As of September 30, 2012, the project had not begun.

NOTE K -- RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the Town is generally limited to the contributed amounts for losses up to \$1,000,000. Annual contributions for the year ended September 30, 2012 were \$51,785 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Economic Development Fund
- Schedule of Funding Progress – Defined Benefit

TOWN OF HOLLYWOOD PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 2,102,086	\$ 2,102,086	\$ 2,111,832	\$ 9,746
Franchise Fees	228,400	228,400	227,018	(1,382)
Sales Taxes	409,649	409,649	413,646	3,997
Fines and Penalties	97,850	97,850	106,960	9,110
Licenses and Permits	72,900	72,900	56,767	(16,133)
Interest Income	500	500	844	344
Miscellaneous	40,450	40,450	35,338	(5,112)
TOTAL REVENUES	<u>2,951,835</u>	<u>2,951,835</u>	<u>2,952,405</u>	<u>570</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	432,528	432,528	393,498	39,030
Police	780,684	780,684	760,085	20,599
Fire	841,338	841,338	812,740	28,598
Public Works	144,103	139,103	128,706	10,397
Municipal Court	72,486	72,486	67,076	5,410
Recreation	46,450	47,772	48,318	(546)
Sanitation	483,000	483,000	469,219	13,781
Capital Outlay	71,174	74,852	85,067	(10,215)
<i>Debt Service:</i>				
Principal	68,805	68,805	68,805	-
Interest and Fiscal Charges	11,267	11,267	11,267	-
TOTAL EXPENDITURES	<u>2,951,835</u>	<u>2,951,835</u>	<u>2,844,781</u>	<u>107,054</u>
Net Change in Fund Balance	-	-	107,624	107,624
Beginning Fund Balance	<u>736,844</u>	<u>736,844</u>	<u>736,844</u>	-
Ending Fund Balance	<u>\$ 736,844</u>	<u>\$ 736,844</u>	<u>\$ 844,468</u>	<u>\$ 107,624</u>

TOWN OF HOLLYWOOD PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Sales Taxes	\$ 97,100	\$ 97,100	\$ 102,163	\$ 5,063
Interest Income	650	650	199	(451)
TOTAL REVENUES	<u>97,750</u>	<u>97,750</u>	<u>102,362</u>	<u>4,612</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	30,500	30,500	5,067	25,433
Capital Outlay	67,250	67,250	5,585	61,665
TOTAL EXPENDITURES	<u>97,750</u>	<u>97,750</u>	<u>10,652</u>	<u>87,098</u>
Net Change in Fund Balance	-	-	91,710	91,710
Beginning Fund Balance	<u>131,335</u>	<u>131,335</u>	<u>131,335</u>	<u>-</u>
Ending Fund Balance	<u>\$ 131,335</u>	<u>\$ 131,335</u>	<u>\$ 223,045</u>	<u>\$ 91,710</u>

TOWN OF HOLLYWOOD PARK
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2012

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Town maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the Town Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Economic Development Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The Town does not use encumbrances.

TOWN OF HOLLYWOOD PARK
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT
 LAST SIX CALENDAR YEARS

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2006	\$ 1,490,596	\$ 1,703,430	87.5%	\$ 212,834	\$1,026,128	20.7%
2007	1,486,169	2,135,459	69.6%	649,290	1,151,234	56.4%
2008	1,648,035	2,319,604	71.0%	671,569	1,296,776	51.8%
2009	1,663,927	2,387,134	69.7%	723,207	1,315,512	55.0%
2010	2,593,415	3,121,519	83.1%	528,104	1,305,977	40.4%
2011	2,909,305	3,442,886	84.5%	533,581	1,400,625	38.1%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated at cost as of December 31 of the preceding year.



OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Venue Tax Fund
- Comparative Statements – Hotel Tax Fund
- Comparative Statements – Economic Development Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Sewer Fund

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 844,928	\$ 770,137
Receivables (net of allowances for uncollectibles):		
Property Taxes	49,038	38,193
Other Receivables	115,162	119,234
Due from Other Funds	-	9,500
TOTAL ASSETS	\$ 1,009,128	\$ 937,064
 LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 78,711	\$ 131,038
Accrued Expenditures	40,597	30,639
Deposits	1,674	3,237
Due to Other Funds	-	23
Deferred/Unearned Revenues	43,678	35,283
<i>Total Liabilities</i>	164,660	200,220
 <i>Fund Balances:</i>		
Unassigned	844,468	736,844
<i>Total Fund Balance</i>	844,468	736,844
TOTAL LIABILITIES & FUND BALANCES	\$ 1,009,128	\$ 937,064

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Ad Valorem Taxes	\$ 2,111,832	\$ 1,956,422
Franchise Fees	227,018	223,154
Sales Taxes	413,646	404,877
Fines and Penalties	106,960	99,575
Licenses and Permits	56,767	70,925
Interest Income	844	744
Miscellaneous	35,338	60,235
Grants and Donations	-	2,000
Interlocal Agreement	-	348,568
TOTAL REVENUES	2,952,405	3,166,500
EXPENDITURES		
<i>Current:</i>		
General and Administrative	393,498	538,908
Police	760,085	746,525
Fire	812,740	810,172
Public Works	128,706	131,542
Municipal Court	67,076	62,560
Recreation	48,318	45,442
Sanitation	469,219	473,518
Capital Outlay	85,067	443,521
<i>Debt Service:</i>		
Principal	68,805	82,621
Interest and Fiscal Charges	11,267	10,220
TOTAL EXPENDITURES	2,844,781	3,345,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,624	(178,529)
OTHER FINANCING SOURCES (USES)		
Proceeds from Capital Lease	-	362,264
TOTAL OTHER FINANCING SOURCES (USES)	-	362,264
Net Change in Fund Balance	107,624	183,735
Beginning Fund Balance	736,844	553,109
Ending Fund Balance	\$ 844,468	\$ 736,844

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 VENUE TAX FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 1,003,822	\$ 841,906
Sales Tax Receivable	31,373	32,499
TOTAL ASSETS	\$ 1,035,195	\$ 874,405
LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 14,561	\$ -
<i>Total Liabilities</i>	14,561	-
<i>Fund Balances:</i>		
Restricted for:		
Venue Construction and Maintenance	1,020,634	874,405
<i>Total Fund Balances</i>	1,020,634	874,405
TOTAL LIABILITIES & FUND BALANCES	\$ 1,035,195	\$ 874,405

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 VENUE TAX FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Sales Tax	\$ 204,326	\$ 198,509
Interest Income	1,070	922
TOTAL REVENUES	205,396	199,431
 EXPENDITURES		
Recreation	4,949	6,125
Capital Outlay	54,218	3,846
TOTAL EXPENDITURES	59,167	9,971
 Net Change in Fund Balance	 146,229	 189,460
 Fund Balances at Beginning of Year	 874,405	 684,945
 Fund Balances at End of Year	 \$ 1,020,634	 \$ 874,405

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 HOTEL TAX FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 934,762	\$ 862,693
Other Receivables	21,444	18,042
TOTAL ASSETS	\$ 956,206	\$ 880,735
 LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ -
<i>Total Liabilities</i>	-	-
 <i>Fund Balances:</i>		
Restricted for Tourism Development	956,206	880,735
<i>Total Fund Balances</i>	956,206	880,735
 TOTAL LIABILITIES & FUND BALANCES	\$ 956,206	\$ 880,735

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 HOTEL TAX FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Hotel Occupancy Tax	\$ 75,291	\$ 68,388
Interest Income	180	194
TOTAL REVENUES	75,471	68,582
 EXPENDITURES		
General and Administrative	-	-
TOTAL EXPENDITURES	-	-
 Net Change in Fund Balance	75,471	68,582
 Fund Balances at Beginning of Year	880,735	812,153
 Fund Balances at End of Year	\$ 956,206	\$ 880,735

TOWN OF HOLLYWOOD PARK
 COMPARATIVE BALANCE SHEETS
 ECONOMIC DEVELOPMENT FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 207,359	\$ 195,732
Sales Tax Receivable	15,686	16,250
TOTAL ASSETS	\$ 223,045	\$ 211,982
LIABILITIES AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ -	\$ 71,147
Due to Other Funds	-	9,500
<i>Total Liabilities</i>	-	80,647
<i>Fund Balances:</i>		
Restricted for Economic Development	223,045	131,335
<i>Total Fund Balances</i>	223,045	131,335
TOTAL LIABILITIES & FUND BALANCES	\$ 223,045	\$ 211,982

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ECONOMIC DEVELOPMENT FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Sales Tax	\$ 102,163	\$ 99,255
Interest Income	199	649
TOTAL REVENUES	102,362	99,904
 EXPENDITURES		
<i>Current:</i>		
General and Administrative	5,067	4,337
Capital Outlay	5,585	530,886
TOTAL EXPENDITURES	10,652	535,223
 Net Change in Fund Balance	 91,710	 (435,319)
 Fund Balances at Beginning of Year	 131,335	 566,654
 Fund Balances at End of Year	 \$ 223,045	 \$ 131,335

TOWN OF HOLLYWOOD PARK
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012 AND 2011

	Special Revenue Funds		
	Court Technology	Court Security	Grants & Donations
ASSETS			
Cash and Cash Equivalents	\$ 10,969	\$ 10,715	\$ 2,030
Other Receivables	-	-	-
Due from Other Funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 10,969</u></u>	<u><u>\$ 10,715</u></u>	<u><u>\$ 2,030</u></u>
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ -	\$ -	\$ -
<i>Total Liabilities</i>	<u> </u>	<u> </u>	<u> </u>
<i>Fund Balances:</i>			
Restricted For:			
Municipal Court	10,969	10,715	-
Street Maintenance	-	-	-
Police Department	-	-	-
Donor Stipulations	-	-	2,030
Assigned for Capital Projects	-	-	-
<i>Total Fund Balances</i>	<u> </u>	<u> </u>	<u> </u>
	<u>10,969</u>	<u>10,715</u>	<u>2,030</u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 10,969</u></u>	<u><u>\$ 10,715</u></u>	<u><u>\$ 2,030</u></u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	
Asset Forfeiture	Street Maintenance	Asset Seizure		2012	2011
\$ 360	\$ 208,888	\$ 965	\$ 181,092	\$ 415,019	\$ 240,698
-	15,686	-	-	15,686	16,250
-	-	-	-	-	23
<u>\$ 360</u>	<u>\$ 224,574</u>	<u>\$ 965</u>	<u>\$ 181,092</u>	<u>\$ 430,705</u>	<u>\$ 256,971</u>
\$ -	\$ -	\$ 2	\$ -	\$ 2	\$ 644
-	-	2	-	2	644
-	-	-	-	21,684	16,343
-	224,574	-	-	224,574	122,233
360	-	963	-	1,323	1,323
-	-	-	-	2,030	2,120
-	-	-	181,092	181,092	114,308
<u>360</u>	<u>224,574</u>	<u>963</u>	<u>181,092</u>	<u>430,703</u>	<u>256,327</u>
<u>\$ 360</u>	<u>\$ 224,574</u>	<u>\$ 965</u>	<u>\$ 181,092</u>	<u>\$ 430,705</u>	<u>\$ 256,971</u>

TOWN OF HOLLYWOOD PARK
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	Special Revenue Funds		
	Court Technology	Court Security	Grants & Donations
REVENUES			
Sales Tax	\$ -	\$ -	\$ -
Fines and Penalties	3,058	2,283	-
Interest Income	-	-	-
Miscellaneous Income	-	-	-
Grants and Donations	-	-	-
TOTAL REVENUES	<u>3,058</u>	<u>2,283</u>	<u>-</u>
EXPENDITURES			
Current:			
Fire	-	-	90
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>90</u>
Net Change in Fund Balance	3,058	2,283	(90)
Fund Balances at Beginning of Year	<u>7,911</u>	<u>8,432</u>	<u>2,120</u>
Fund Balances at End of Year	<u>\$ 10,969</u>	<u>\$ 10,715</u>	<u>\$ 2,030</u>

Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	
Asset Forfeiture	Street Maintenance	Asset Seizure		2012	2011
\$ -	\$ 102,163	\$ -	\$ -	\$ 102,163	\$ 99,255
-	-	-	-	5,341	5,406
-	178	-	12	190	264
-	-	-	75,143	75,143	3,641
-	-	-	-	-	2,985
-	<u>102,341</u>	-	<u>75,155</u>	<u>182,837</u>	<u>111,551</u>
-	-	-	-	90	3,736
-	-	-	8,371	8,371	374,308
-	-	-	<u>8,371</u>	<u>8,461</u>	<u>378,044</u>
-	102,341	-	66,784	174,376	(266,493)
<u>360</u>	<u>122,233</u>	<u>963</u>	<u>114,308</u>	<u>256,327</u>	<u>522,820</u>
<u>\$ 360</u>	<u>\$ 224,574</u>	<u>\$ 963</u>	<u>\$ 181,092</u>	<u>\$ 430,703</u>	<u>\$ 256,327</u>

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF NET ASSETS
 PROPRIETARY FUND
 SEWER SYSTEM
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 160,752	\$ 187,777
Accounts Receivable	7,217	6,955
TOTAL ASSETS	\$ 167,969	\$ 194,732
LIABILITIES AND NET ASSETS		
<i>Liabilities:</i>		
Accounts Payable	\$ 16,619	\$ 8,199
<i>Total Liabilities</i>	16,619	8,199
<i>Net Assets:</i>		
Unrestricted	151,350	186,533
<i>Total Net Assets</i>	151,350	186,533
TOTAL LIABILITIES & NET ASSETS	\$ 167,969	\$ 194,732

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND – SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Operating Revenues		
Charges for Utility Services	\$ 86,917	\$ 88,729
Total Operating Revenues	86,917	88,729
Operating Expenses Before Depreciation		
Waste Water Treatment Fees	100,222	89,733
Maintenance	21,446	-
Miscellaneous	449	-
Total Operating Expenses Before Depreciation	122,117	89,733
Operating Income (Loss)	(35,200)	(1,004)
Other Income (Expense):		
Interest Income	17	16
Total Other Income (Expense)	17	16
Change in Net Assets	(35,183)	(988)
Net Assets at Beginning of Year	186,533	187,521
Net Assets at End of Year	\$ 151,350	\$ 186,533

TOWN OF HOLLYWOOD PARK
 COMPARATIVE STATEMENTS OF CASH FLOWS
 PROPRIETARY FUND – SEWER SYSTEM
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 86,655	\$ 88,324
Cash Paid to Suppliers for Goods and Services	(113,697)	(100,829)
Net Cash Provided (Used) by Operating Activities	(27,042)	(12,505)
Cash Flows From Investing Activities:		
Investment Interest Received	17	16
Net Cash Provided (Used) by Investing Activities	17	16
 Net Increase (Decrease) in Cash and Cash Equivalents	 (27,025)	 (12,489)
 Cash and Cash Equivalents at Beginning of Year	 187,777	 200,266
 Cash and Cash Equivalents at End of Year	 \$ 160,752	 \$ 187,777
 Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (35,200)	\$ (1,004)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(262)	(405)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	8,420	(11,096)
Total Adjustments to Reconcile Operating Activities	8,158	(11,501)
 Net Cash Provided (Used) by Operating Activities	 \$ (27,042)	 \$ (12,505)

