

**TOWN OF HOLLYWOOD PARK, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2013**

TOWN OF HOLLYWOOD PARK  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**TABLE OF CONTENTS**

**INTRODUCTORY SCHEDULE**

	PAGE
TITLE PAGE	i
TABLE OF CONTENTS	ii
PRINCIPAL OFFICERS	iv

**FINANCIAL SECTION**

INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS.....	9
STATEMENT OF NET POSITION .....	10
STATEMENT OF ACTIVITIES .....	11
BALANCE SHEET - GOVERNMENTAL FUNDS .....	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	15
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS .....	16
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND AND CHANGES IN GOVERNMENTAL FUND BALANCES TO THE CHANGES IN NET ASSETS ON THE STATEMENT OF ACTIVITIES .....	18
STATEMENT OF NET POSITION – PROPRIETARY FUND .....	19
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUND .....	20
STATEMENT OF CASH FLOWS - PROPRIETARY FUND.....	21
NOTES TO BASIC FINANCIAL STATEMENTS.....	22
REQUIRED SUPPLEMENTARY INFORMATION.....	39
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - GENERAL FUND.....	40
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT CORPORATION .....	41
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE.....	42
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLAN.....	43

TOWN OF HOLLYWOOD PARK  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**TABLE OF CONTENTS (Continued)**

**FINANCIAL SECTION (Continued)**

SUPPLEMENTARY INFORMATION.....	44
COMPARATIVE BALANCE SHEETS - GENERAL FUND.....	45
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GENERAL FUND .....	46
COMPARATIVE BALANCE SHEETS - VENUE TAX FUND.....	47
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - VENUE TAX FUND.....	48
COMPARATIVE BALANCE SHEETS - ECONOMIC DEVELOPMENT CORPORATION .....	49
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ECONOMIC DEVELOPMENT CORPORATION.....	50
COMBINING BALANCE SHEETS - NONMAJOR GOVERNMENTAL FUNDS .....	51
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS .....	53
COMPARATIVE STATEMENTS OF NET POSITION - PROPRIETARY FUND.....	55
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND .....	56
COMPARATIVE STATEMENTS OF CASH FLOWS - PROPRIETARY FUND.....	57

TOWN OF HOLLYWOOD PARK

PRINCIPAL OFFICERS

TOWN OFFICIALS

MAYOR

DAVID ORTEGA

TOWN COUNCIL

STEVE PHILLIPS

SUDIE SARTOR

CHRIS FAILS

MATT AMERMAN

HOLLY MCBRAYER

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

### **Report on the Financial Statements**

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 Town of Hollywood Park, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Hollywood Park's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Hollywood Park, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## ***Other Matters***

### *Required Supplementary Information*

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 39 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Hollywood Park's basic 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 basic financial statements. These statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 03, 2013



## 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, 2013. Please read it in conjunction with the Town's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

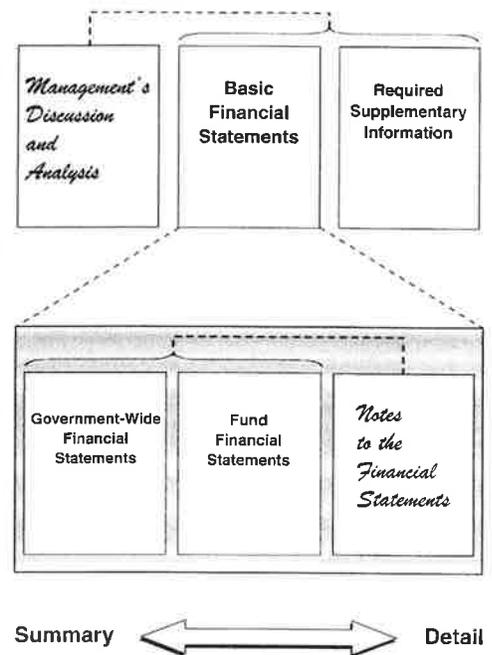
- The Town's total combined net position was \$7,903,797 at September 30, 2013.
- During the year, the Town's governmental expenses were \$828,153 less than the \$3,982,379 generated in general and program revenues for governmental funds. The total cost of the Town's programs increased 3.3% from the prior year.
- The general fund reported a fund balance this year of \$2,057,619, an increase of 143.7%, largely due to the hotel tax settlement and the Clear Channel billboards bonus.
- 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.

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>			
<i>Type of Statements</i>	<b>Fund Statements</b>		
	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 of the City that operate similar to private businesses: sewer
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses &amp; changes in net position</li> <li>• Statement of cash flows</li> </ul>
<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 position 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 position and how they have changed. Net position—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 position 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, which explains 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

The Town's combined net position was \$7,903,797 at September 30, 2013. (See Table A-1).

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2013	2012	2013	2012	2013	2012	
<i>Assets:</i>							
Current Assets	\$ 4,456,875	\$ 3,654,278	\$ 170,065	\$ 167,969	\$ 4,626,940	\$ 3,822,247	21.1
Capital Assets (net)	3,781,342	3,839,054	-	-	3,781,342	3,839,054	(1.5)
<i>Total Assets</i>	<u>8,238,217</u>	<u>7,493,332</u>	<u>170,065</u>	<u>167,969</u>	<u>8,408,282</u>	<u>7,661,301</u>	9.8
<i>Liabilities:</i>							
Current Liabilities	409,689	418,732	17,703	16,619	427,392	435,351	(1.8)
Long-Term Liabilities	77,093	151,318	-	-	77,093	151,318	(49.1)
<i>Total Liabilities</i>	<u>486,782</u>	<u>570,050</u>	<u>17,703</u>	<u>16,619</u>	<u>504,485</u>	<u>586,669</u>	(14.0)
<i>Net Position:</i>							
Invested in Capital Assets	3,630,024	3,616,272	-	-	3,630,024	3,616,272	0.4
Restricted	1,812,902	2,449,496	-	-	1,812,902	2,449,496	(26.0)
Unrestricted	2,308,509	857,514	152,362	151,350	2,460,871	1,008,864	143.9
<i>Total Net Position</i>	<u>\$ 7,751,435</u>	<u>\$ 6,923,282</u>	<u>\$ 152,362</u>	<u>\$ 151,350</u>	<u>\$ 7,903,797</u>	<u>\$ 7,074,632</u>	11.7

The unrestricted net position represents resources available to fund the programs of the Town next year.

## Governmental Activities

- Property appraisal value decreased for the fiscal year ending September 30, 2013, leading to a decrease in property tax revenues of \$5,259 to \$2,114,968.

**Table A-2**  
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2013	2012	2013	2012	2013	2012	
<i>Program Revenues:</i>							
Charges for Services	\$ 241,822	\$ 186,168	\$ 96,216	\$ 86,917	\$ 338,038	\$ 273,085	23.8
Operating Grants and Contributions	6,435	3,486	-	-	6,435	3,486	84.6
Capital Contributions	-	-	-	-	-	-	0.0
<i>General Revenues:</i>							
Taxes	3,213,559	3,244,833	-	-	3,213,559	3,244,833	(1.0)
License Agreements	279,500	-	-	-	279,500	-	100
Interest Earnings	2,397	2,492	14	17	2,411	2,509	(3.9)
Miscellaneous	238,666	115,335	-	-	238,666	115,335	106.9
<b>TOTAL REVENUES</b>	<b>3,982,379</b>	<b>3,552,314</b>	<b>96,230</b>	<b>86,934</b>	<b>4,078,609</b>	<b>3,639,248</b>	<b>12.1</b>
<i>Program Expenses:</i>							
General Government	540,496	453,158	-	-	540,496	453,158	19.3
Police	869,521	805,999	-	-	869,521	805,999	7.9
Fire	939,755	902,020	-	-	939,755	902,020	4.2
Public Works	247,433	232,041	-	-	247,433	232,041	6.6
Municipal Court	68,447	70,662	-	-	68,447	70,662	(3.1)
Recreation	141,913	103,880	-	-	141,913	103,880	36.6
Sanitation	339,779	469,219	-	-	339,779	469,219	(27.6)
Sewer	-	-	95,218	122,117	95,218	122,117	(22.0)
Interest on Debt	6,882	15,473	-	-	6,882	15,473	(55.5)
<b>TOTAL EXPENSES</b>	<b>3,154,226</b>	<b>3,052,452</b>	<b>95,218</b>	<b>122,117</b>	<b>3,249,444</b>	<b>3,174,569</b>	<b>2.4</b>
<b>Change in Net Position</b>	<b>\$ 828,153</b>	<b>\$ 499,862</b>	<b>\$ 1,012</b>	<b>\$ (35,183)</b>	<b>\$ 829,165</b>	<b>\$ 464,679</b>	<b>(78.4)</b>

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 \$3,154,226. Taxpayers paid for 67% of these activities through property taxes of \$2,114,968. 7.7% 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
	2013	2012			2013	2012		
General Government	\$ 540,496	\$ 453,158	19.3	\$ 452,472	\$ 394,332	14.7		
Police	869,521	805,999	7.9	861,026	800,013	7.6		
Fire	939,755	902,020	4.2	939,755	902,020	4.2		
Public Works	247,433	232,041	6.6	247,433	232,041	6.6		
Municipal Court	68,447	70,662	(3.1)	(70,239)	(41,637)	68.7		
Recreation	141,913	103,880	36.6	128,861	91,337	41.1		
Sanitation	339,779	469,219	(27.6)	339,779	469,219	(27.6)		
Sewer	95,218	122,117	(22.0)	(998)	35,200	(102.8)		

## Business-Type Activities

Revenues of the Town's Sewer business-type activities increased 10.7% to \$96,216, and operating expenses decreased 22% to \$95,218. Fluctuations in revenues and expenses are primarily related to changes in water consumption; however, the cost of treating sewage has increased, and the engineering costs incurred to evaluate the Town's infrastructure were completed in the previous year.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Revenues from governmental fund types totaled \$3,984,876, an increase of 13.3% from the preceding year. The increase is attributable to the CEID fund revenue and the Clear Channel billboards bonus.

### Budgetary Highlights

The Town's actual expenditures in the General Fund were \$8,905 less than budgeted amounts, and the Economic Development Corporation's expenditures were under budget by \$66,029. The Town and the Economic Development Corporation, both did not amend their budget during the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of September 30, 2013, the Town had invested \$6.1 million 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
	2013	2012	2013	2012	2013	2012	
Land	\$ 482	\$ 402	\$ -	\$ -	\$ 482	\$ 402	19.9
Buildings and Improvements	2,675	2,502	-	-	2,675	2,502	6.9
Equipment	1,753	1,981	-	-	1,753	1,981	(11.5)
Infrastructure	1,227	1,229	-	-	1,227	1,229	(0.2)
Construction in Progress	-	49	-	-	-	49	(100.0)
Totals at Historical Cost	6,137	6,163	-	-	6,137	6,163	(0.4)
Total Accumulated Depreciation	(2,356)	(2,325)	-	-	(2,356)	(2,325)	1.3
Net Capital Assets	\$ 3,781	\$ 3,838	\$ -	\$ -	\$ 3,781	\$ 3,838	(1.5)

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 \$151,318 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
	2013	2012	2013	2012	2013	2012	
Capital Leases	\$ 151	\$ 223	\$ -	\$ -	\$ 151	\$ 223	(32.1)
Total Long-Term Debt	\$ 151	\$ 223	\$ -	\$ -	\$ 151	\$ 223	(32.1)

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2014 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.



## 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 POSITION  
SEPTEMBER 30, 2013

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,206,086	\$ 162,848	\$ 4,368,934
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	47,879	-	47,879
Other	202,910	7,217	210,127
Capital Assets:			
Land	482,442	-	482,442
Buildings and Improvements	2,675,035	-	2,675,035
Vehicles and Equipment	1,752,774	-	1,752,774
Infrastructure	1,227,430	-	1,227,430
Accumulated Depreciation	(2,356,339)	-	(2,356,339)
<b>TOTAL ASSETS</b>	8,238,217	170,065	8,408,282
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable	85,416	17,703	103,119
Accrued Expenses	45,151	-	45,151
Accrued Interest Payable	3,654	-	3,654
Deposits	3,650	-	3,650
Accrued Compensated Absences	136,683	-	136,683
Net Pension Obligation	60,910	-	60,910
<i>Noncurrent Liabilities:</i>			
Due within One Year	74,225	-	74,225
Due in more than One Year	77,093	-	77,093
<b>TOTAL LIABILITIES</b>	486,782	17,703	504,485
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,630,024	-	3,630,024
Restricted for:			
Tourism Development	149,922	-	149,922
Economic Development	293,137	-	293,137
Venue Construction and Maintenance	1,017,911	-	1,017,911
Municipal Court	28,429	-	28,429
Street Maintenance	307,498	-	307,498
Police	3,261	-	3,261
Donor Stipulations	2,030	-	2,030
Public Service	10,714	-	10,714
Unrestricted	2,308,509	152,362	2,460,871
<b>TOTAL NET POSITION</b>	\$ 7,751,435	\$ 152,362	\$ 7,903,797

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<i>Governmental Activities:</i>				
General and Administrative	\$ 540,496	\$ 88,024	\$ -	\$ -
Police	869,521	2,060	6,435	-
Fire	939,755	-	-	-
Public Works	247,433	-	-	-
Municipal Court	68,447	138,686	-	-
Recreation	141,913	13,052	-	-
Sanitation	339,779	-	-	-
Interest on Long-term Debt	6,882	-	-	-
<i>Total Governmental Activities</i>	<u>3,154,226</u>	<u>241,822</u>	<u>6,435</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Sewer	95,218	96,216	-	-
<b>Total Primary Government</b>	<u>\$ 3,249,444</u>	<u>\$ 338,038</u>	<u>\$ 6,435</u>	<u>\$ -</u>
<b>General Revenues:</b>				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
License Agreements				
Interest and Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
Change in Net Position				
<b>Net Position at Beginning of Year</b>				
<b>Net Position at End of Year</b>				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (452,472)		\$ (452,472)
(861,026)		(861,026)
(939,755)		(939,755)
(247,433)		(247,433)
70,239		70,239
(128,861)		(128,861)
(339,779)		(339,779)
(6,882)		(6,882)
<u>(2,905,969)</u>		<u>(2,905,969)</u>
	<u>\$ 998</u>	<u>998</u>
		<u>(2,904,971)</u>
2,114,968	-	2,114,968
222,315	-	222,315
794,305	-	794,305
81,971	-	81,971
279,500	-	279,500
2,397	14	2,411
238,666	-	238,666
<u>3,734,122</u>	<u>14</u>	<u>3,734,136</u>
828,153	1,012	829,165
<u>6,923,282</u>	<u>151,350</u>	<u>7,074,632</u>
<u>\$ 7,751,435</u>	<u>\$ 152,362</u>	<u>\$ 7,903,797</u>

TOWN OF HOLLYWOOD PARK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Major Fund</u> <u>Venue</u> <u>Tax</u>	<u>Major Fund</u> <u>Economic</u> <u>Development</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,055,496	\$ 984,898	\$ 279,532
Receivables (net of allowances for uncollectibles):			
Property Taxes	47,879	-	-
Other Receivables	116,363	33,581	16,791
Due from Other Funds	13,931	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,233,669</u>	<u>\$ 1,018,479</u>	<u>\$ 296,323</u>
<b>LIABILITIES &amp; FUND BALANCES</b>			
<i>Liabilities:</i>			
Accounts Payable	\$ 81,660	\$ 568	\$ 3,186
Accrued Expenditures	45,151	-	-
Deposits	3,650	-	-
Due to Other Funds	-	-	-
Unavailable Property Tax Revenue	45,589	-	-
<b>TOTAL LIABILITIES</b>	<u>176,050</u>	<u>568</u>	<u>3,186</u>
<i>Fund Balances:</i>			
<i>Restricted for:</i>			
Tourism Development	-	-	-
Economic Development	-	-	293,137
Venue Construction and Maintenance	-	1,017,911	-
Municipal Court	-	-	-
Street Maintenance	-	-	-
Police	-	-	-
Donor Stipulations	-	-	-
Public Service	-	-	-
<i>Assigned for:</i>			
Capital Projects	-	-	-
Unassigned	2,057,619	-	-
<i>Total Fund Balances</i>	<u>2,057,619</u>	<u>1,017,911</u>	<u>293,137</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$ 2,233,669</u>	<u>\$ 1,018,479</u>	<u>\$ 296,323</u>

See accompanying notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 886,160	\$ 4,206,086
-	47,879
36,175	202,910
-	13,931
<u>\$ 922,335</u>	<u>\$ 4,470,806</u>

\$ 2	\$ 85,416
-	45,151
-	3,650
13,931	13,931
-	45,589
<u>13,933</u>	<u>193,737</u>

149,922	149,922
-	293,137
-	1,017,911
28,429	28,429
307,498	307,498
3,261	3,261
2,030	2,030
10,714	10,714
406,548	406,548
-	2,057,619
<u>908,402</u>	<u>4,277,069</u>
<u>\$ 922,335</u>	<u>\$ 4,470,806</u>



TOWN OF HOLLYWOOD PARK  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 4,277,069

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

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 3,781,342

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 45,589

Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds. (136,683)

Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds. (151,318)

The governmental funds report pension plan contributions as expenditures when they are paid. However, in the statement of net position, 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. (60,910)

Accrued interest payable on debt is not due and payable in the current period and, therefore, not reported in the funds. (3,654)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 7,751,435

TOWN OF HOLLYWOOD PARK  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Major Fund General Fund	Major Fund Venue Tax	Major Fund Economic Development
<b>REVENUES</b>			
Ad Valorem Taxes	\$ 2,113,057	\$ -	\$ -
Franchise Fees	211,601	-	-
Sales Taxes	399,922	197,191	98,596
Hotel Occupancy Tax	-	-	-
Fines and Penalties	131,943	-	-
Licenses and Permits	83,919	-	-
License Agreements	279,500	-	-
Interest Income	846	905	216
Miscellaneous	40,073	-	401
<b>TOTAL REVENUES</b>	<b>3,260,861</b>	<b>198,096</b>	<b>99,213</b>
<b>EXPENDITURES</b>			
<i>Current:</i>			
General and Administrative	462,591	-	29,121
Police	833,291	-	-
Fire	842,781	-	-
Public Works	131,481	-	-
Municipal Court	65,107	-	-
Recreation	49,652	35,030	-
Sanitation	339,779	-	-
Capital Outlay	129,175	165,789	-
<i>Debt Service:</i>			
Principal	71,464	-	-
Interest and Fiscal Charges	8,608	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,933,929</b>	<b>200,819</b>	<b>29,121</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	326,932	(2,723)	70,092
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	886,219	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>886,219</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	1,213,151	(2,723)	70,092
Fund Balances at Beginning of Year	844,468	1,020,634	223,045
Fund Balances at End of Year	<b>\$ 2,057,619</b>	<b>\$ 1,017,911</b>	<b>\$ 293,137</b>

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 2,113,057
10,714	222,315
98,596	794,305
81,971	81,971
9,565	141,508
-	83,919
-	279,500
432	2,399
225,428	265,902
<u>426,706</u>	<u>3,984,876</u>
2,210	493,922
884	834,175
-	842,781
15,900	147,381
-	65,107
-	84,682
-	339,779
-	294,964
-	71,464
-	8,608
<u>18,994</u>	<u>3,182,863</u>
<u>407,712</u>	<u>802,013</u>
-	886,219
<u>(886,219)</u>	<u>(886,219)</u>
<u>(886,219)</u>	<u>-</u>
(478,507)	802,013
<u>1,386,909</u>	<u>3,475,056</u>
<u>\$ 908,402</u>	<u>\$ 4,277,069</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, 2013

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 802,013

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount by which  
depreciation exceeded capital outlay. (57,712)

Revenues in the Statement of Activities that do not provide current financial  
resources are not reported as revenues in the funds. 1,911

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 position.  
Principal Payments 71,464

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.

Change in Compensated Absences	9,265	
Change in Net Pension Obligation	(514)	
Change in Accrued Interest	1,726	10,477

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 828,153

TOWN OF HOLLYWOOD PARK  
STATEMENT OF NET POSITION – PROPRIETARY FUND  
SEPTEMBER 30, 2013

	Business-Type Activities
	Sewer Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 162,848
Receivables (net of allowances for uncollectibles)	7,217
<b>TOTAL ASSETS</b>	<b>170,065</b>
 <b>LIABILITIES</b>	
Accounts Payable	17,703
<b>TOTAL LIABILITIES</b>	<b>17,703</b>
 <b>NET POSITION</b>	
Unrestricted	152,362
<b>TOTAL NET POSITION</b>	<b>\$ 152,362</b>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR SEPTEMBER 30, 2013

	Business-Type Activities
	Sewer Fund
<b>OPERATING REVENUES</b>	
Charges for Utility Service	\$ 96,216
<b>TOTAL OPERATING REVENUES</b>	96,216
<b>OPERATING EXPENSES</b>	
Waste Water Treatment Fees	94,723
Miscellaneous	495
<b>TOTAL OPERATING EXPENSES</b>	95,218
<b>OPERATING INCOME (LOSS)</b>	998
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	14
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	14
<b>CHANGE IN NET POSITION</b>	1,012
<b>NET POSITION AT BEGINNING OF YEAR</b>	151,350
<b>NET POSITION AT END OF YEAR</b>	\$ 152,362

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Business-Type Activities
	Sewer Fund
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 96,216
Cash Paid to Suppliers for Goods and Services	(94,134)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,082</b>
<b>Cash Flows From Investing Activities:</b>	
Investment Interest Received	14
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>14</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,096</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>160,752</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 162,848</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ 998
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Current Liabilities:	
Accounts Payable	1,084
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>1,084</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,082</b>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

**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, 2013, 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 position 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, 2013

**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, 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, 2013

**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.

**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, PEG Fund, Voigt Center Maintenance, Asset Forfeiture, Hotel Tax, 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, 2013

**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, and government investment pools. 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, 2012 and past due after January 31, 2013. 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, 2013

**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 \$2,000 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, 2013

**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. UNAVAILABLE 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. Unavailable 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 unavailable 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 position. 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, 2013

**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 POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets 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 position 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, 2013

**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, 2013, the carrying amount of the primary government's (the Town) cash on hand was \$300 and the carrying amount of deposits in bank was \$685,287 and the bank balance was \$695,631. 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 \$2,072,530 and market value of \$2,277,905 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, 2013

**NOTE B -- DEPOSITS AND INVESTMENTS (Continued)**

The Town's investments at September 30, 2013 consist of \$3,683,347 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, 2013

**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, 2012, upon which the fiscal 2013 levy was based, was \$391,965,845 (i.e., market value less exemptions). The estimated market value was \$400,126,500, making the taxable value 98% 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, 2013, 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 \$7,695,426 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, 2013

**NOTE D -- OTHER RECEIVABLES**

Other receivables for the Town as of September 30, 2013 are as follows:

<i>Primary Government</i>	General Fund	Venue Tax	EDC	Nonmajor Funds	Totals
Sales and Mixed Beverage Tax	\$ 68,876	\$ 33,581	\$ 16,791	\$ 16,790	\$ 136,038
Franchise Tax	46,637	-	-	923	47,560
Hotel Occupancy Tax	-	-	-	18,462	18,462
Miscellaneous	850	-	-	-	850
 Total Other Receivables	 <u>\$ 116,363</u>	 <u>\$ 33,581</u>	 <u>\$ 16,791</u>	 <u>\$ 36,175</u>	 <u>\$ 202,910</u>

**NOTE E -- CAPITAL ASSETS**

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

<i>Governmental Activities</i>	Balance 10/1/2012	Additions	Disposals/ Transfers	Balance 9/30/2013
Land	\$ 402,442	\$ 80,000	\$ -	\$ 482,442
Buildings and Improvements	2,502,253	5,000	167,782	2,675,035
Vehicles and Equipment	1,981,495	53,871	(282,592)	1,752,774
Infrastructure	1,228,930	-	(1,500)	1,227,430
Construction in Progress	49,361	156,093	(205,454)	-
	<u>6,164,481</u>	<u>294,964</u>	<u>(321,764)</u>	<u>6,137,681</u>
 Less Accumulated Depreciation				
Buildings and Improvements	(850,656)	(107,172)	37,241	(920,587)
Vehicles and Equipment	(1,127,832)	(144,662)	279,530	(992,964)
Infrastructure	(346,939)	(96,436)	587	(442,788)
	<u>(2,325,427)</u>	<u>(348,270)</u>	<u>317,358</u>	<u>(2,356,339)</u>
 Governmental Capital Assets, Net	 <u>\$ 3,839,054</u>	 <u>\$ (53,306)</u>	 <u>\$ (4,406)</u>	 <u>\$ 3,781,342</u>

Land and Construction in Progress are not depreciated.

TOWN OF HOLLYWOOD PARK  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2013

**NOTE E -- CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 49,114
Municipal Court	3,298
Police Department	49,551
Fire Department	90,251
Public Works	98,825
Parks and Recreation	57,231
Total Depreciation Expense - Governmental Activities	\$ 348,270

**NOTE F -- INTERFUND BALANCES AND TRANSFERS**

As of September 1, 2013, the Town agreed to lower the hotel tax from 7% to 3%, and in exchange, got to keep 85% of the fund balance in the Hotel Tax Fund as unassigned General Fund, at that time. Then moving forward, 75% of the hotel tax collected would be put in a new Voigt Center Maintenance Fund.

The composition of interfund balances as of September 30, 2013 is to record the due to/from between the Hotel Tax Fund and the General Fund for 3<sup>rd</sup> quarter 2013 hotel taxes in the amount of \$13,931.

The transfer between the Hotel Tax Fund and General Fund is to move 85% of the Hotel Tax Fund balance to the General Fund, in the amount of \$886,219.

**NOTE G -- 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 \$144,889 as of September 30, 2013.

*Changes in Long-Term Liabilities*

	Balance 10/1/2012	Additions	Reductions	Balance 9/30/2013	Due Within One Year
<u>Governmental Activities</u>					
<i>Capital Leases:</i>					
Fire Truck	\$ 222,782	\$ -	\$ (71,464)	\$ 151,318	\$ 74,225
Compensated Absences	145,948	-	(9,265)	136,683	136,683
Total Governmental Activities	368,730	-	(80,729)	288,001	210,908
Total Primary Government	\$ 368,730	\$ -	\$ (80,729)	\$ 288,001	\$ 210,908

TOWN OF HOLLYWOOD PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2013

**NOTE G -- LONG-TERM DEBT** (Continued)

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2013, including interest payments, are as follows:

Year Ending September 30,	Lease Payments
2014	\$ 80,072
2015	80,072
	160,144
Less: Amount Representing Interest	(8,826)
	\$ 151,318

**NOTE H -- 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.com](http://TMRS.com).

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:

	Plan Year 2012	Plan Year 2013
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

TOWN OF HOLLYWOOD PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2013

**NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS** (Continued)

**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.

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)	\$ 123,014
Interest on Net Pension Obligation	4,228
Adjustment to the ARC	<u>(3,714)</u>
Annual Pension Cost	123,528
Contributions Made	<u>(123,014)</u>
Increase (decrease) in Net Pension Obligation	514
Net Pension Obligation, beginning of year	<u>60,396</u>
Net Pension Obligation, end of year	<u><u>\$ 60,910</u></u>

Fiscal Year Ending September 30,	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contribution	Increase to Net Pension Obligation
2011	\$ 133,688	\$ 117,632	88%	\$ 16,056
2012	122,089	116,695	96%	5,394
2013	123,528	123,014	100%	514

The funded status as of December 31, 2012, 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
2012	\$ 3,238,903	\$ 3,700,924	87.5%	\$ 462,021	\$ 1,364,663	33.9%

TOWN OF HOLLYWOOD PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2013

**NOTE H -- EMPLOYEES' RETIREMENT SYSTEMS** (Continued)

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.

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

Actuarial Valuation Date	12/31/10	12/31/11	12/31/12
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	26.9 years; closed period	26.0 years; closed period	25.0 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	7.0%	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 I -- 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.

TOWN OF HOLLYWOOD PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2013

**NOTE I -- OTHER POSTEMPLOYMENT BENEFIT (Continued)**

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, 2013, 2012 and 2011 were \$2,202, \$2,121 and \$2,356, respectively, which equaled the required contributions each year.

**NOTE J -- LICENSE AGREEMENT**

The Town has a license agreement with Clear Channel Outdoor, Inc. for three digital billboards. The term of the agreement is 25 years. Per the agreement, the Town would receive a \$200,000 bonus on execution of agreement and land Clear Channel placed in escrow for the Town. The license payment schedule is as follows:

Year	Payment
2014	\$ 200,000
2015	200,000
2016	200,000
2017	200,000
2018	200,000
2019 - 2023	1,030,000
2024 - 2028	1,060,900
2029 - 2033	1,092,725
2034 - 2038	1,125,505

**NOTE K -- 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.

TOWN OF HOLLYWOOD PARK  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2013

**NOTE K -- COMMITMENTS AND CONTINGENCIES (Continued)**

Commitment

On August 21, 2012, the Town entered into an agreement with a contractor, Waste Management of Texas, Inc., to provide the service of collection and transportation of residential garbage and recycling for the Town. The agreement commenced on October 1, 2012, and shall continue for a period of five years. For the first two years of the agreement term, the base rates charged by the contractor for services will remain fixed until October 1, 2014, which then may be increased up to 2.5% per year by the contractor. The minimal contractual obligation for the Town is as follows:

Fiscal Year Ending September 30,	Minimal Contractual Obligation
2014	\$ 339,779
2015	339,779
2016	339,779
2017	339,779

The term of the agreement may be extended, upon the mutual consent of both of the parties, in each party's sole discretion, for up to two additional terms of two years each.

**NOTE L -- 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, 2013 were \$49,359 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, 2013

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem Taxes	\$ 2,106,785	\$ 2,106,785	\$ 2,113,057	\$ 6,272
Franchise Fees	228,400	228,400	211,601	(16,799)
Sales Taxes	409,649	409,649	399,922	(9,727)
Fines and Penalties	97,850	97,850	131,943	34,093
Licenses and Permits	58,900	58,900	83,919	25,019
License Agreement	-	-	279,500	279,500
Interest Income	500	500	846	346
Miscellaneous	40,750	40,750	40,073	(677)
<b>TOTAL REVENUES</b>	<u>2,942,834</u>	<u>2,942,834</u>	<u>3,260,861</u>	<u>318,027</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
General and Administrative	442,173	442,173	462,591	(20,418)
Police	817,497	817,497	833,291	(15,794)
Fire	866,502	866,502	842,781	23,721
Public Works	148,557	148,557	131,481	17,076
Municipal Court	75,530	75,530	65,107	10,423
Recreation	48,150	48,150	49,652	(1,502)
Sanitation	368,818	368,818	339,779	29,039
Capital Outlay	95,535	95,535	129,175	(33,640)
<i>Debt Service:</i>				
Principal	68,805	68,805	71,464	(2,659)
Interest and Fiscal Charges	11,267	11,267	8,608	2,659
<b>TOTAL EXPENDITURES</b>	<u>2,942,834</u>	<u>2,942,834</u>	<u>2,933,929</u>	<u>8,905</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>326,932</u>	<u>326,932</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	886,219	886,219
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>886,219</u>	<u>886,219</u>
Net Change in Fund Balance	-	-	1,213,151	1,213,151
Beginning Fund Balance	844,468	844,468	844,468	-
Ending Fund Balance	<u>\$ 844,468</u>	<u>\$ 844,468</u>	<u>\$ 2,057,619</u>	<u>\$ 1,213,151</u>

TOWN OF HOLLYWOOD PARK  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
 BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT CORPORATION  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Sales Taxes	\$ 95,000	\$ 95,000	\$ 98,596	\$ 3,596
Interest Income	150	150	216	66
Miscellaneous	-	-	401	401
<b>TOTAL REVENUES</b>	<u>95,150</u>	<u>95,150</u>	<u>99,213</u>	<u>4,063</u>
<b>EXPENDITURES</b>				
<i>Current:</i>				
General and Administrative	50,500	50,500	29,121	21,379
Capital Outlay	44,650	44,650	-	44,650
<b>TOTAL EXPENDITURES</b>	<u>95,150</u>	<u>95,150</u>	<u>29,121</u>	<u>66,029</u>
 Net Change in Fund Balance	 -	 -	 70,092	 70,092
 Beginning Fund Balance	 <u>223,045</u>	 <u>223,045</u>	 <u>223,045</u>	 <u>-</u>
Ending Fund Balance	<u>\$ 223,045</u>	<u>\$ 223,045</u>	<u>\$ 293,137</u>	<u>\$ 70,092</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, 2013

**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 SEVEN 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%
2012	3,238,903	3,700,924	87.5%	462,021	1,364,663	33.9%

\* 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.



## SUPPLEMENTARY INFORMATION

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 – Economic Development Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Sewer Fund

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,055,496	\$ 844,928
Receivables (net of allowances for uncollectibles):		
Property Taxes	47,879	49,038
Other Receivables	116,363	115,162
Due from Other Funds	13,931	-
<b>TOTAL ASSETS</b>	<b>\$ 2,233,669</b>	<b>\$ 1,009,128</b>
 <b>LIABILITIES &amp; FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 81,660	\$ 78,711
Accrued Expenditures	45,151	40,597
Deposits	3,650	1,674
Unavailable Property Tax Revenue	45,589	43,678
<i>Total Liabilities</i>	176,050	164,660
 <i>Fund Balances:</i>		
Unassigned	2,057,619	844,468
<i>Total Fund Balance</i>	2,057,619	844,468
 <b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 2,233,669</b>	<b>\$ 1,009,128</b>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 2,113,057	\$ 2,111,832
Franchise Fees	211,601	227,018
Sales Taxes	399,922	413,646
Fines and Penalties	131,943	106,960
Licenses and Permits	83,919	56,767
License Agreement	279,500	-
Interest Income	846	844
Miscellaneous	40,073	35,338
<b>TOTAL REVENUES</b>	<u>3,260,861</u>	<u>2,952,405</u>
<b>EXPENDITURES</b>		
<i>Current:</i>		
General and Administrative	462,591	393,498
Police	833,291	760,085
Fire	842,781	812,740
Public Works	131,481	128,706
Municipal Court	65,107	67,076
Recreation	49,652	48,318
Sanitation	339,779	469,219
Capital Outlay	129,175	85,067
<i>Debt Service:</i>		
Principal	71,464	68,805
Interest and Fiscal Charges	8,608	11,267
<b>TOTAL EXPENDITURES</b>	<u>2,933,929</u>	<u>2,844,781</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>326,932</u>	<u>107,624</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	<u>886,219</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>886,219</u>	<u>-</u>
Net Change in Fund Balance	1,213,151	107,624
<b>Beginning Fund Balance</b>	<u>844,468</u>	<u>736,844</u>
<b>Ending Fund Balance</b>	<u>\$ 2,057,619</u>	<u>\$ 844,468</u>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE BALANCE SHEETS  
 VENUE TAX FUND  
 SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 984,898	\$ 1,003,822
Sales Tax Receivable	33,581	31,373
<b>TOTAL ASSETS</b>	<b>\$ 1,018,479</b>	<b>\$ 1,035,195</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 568	\$ 14,561
<i>Total Liabilities</i>	568	14,561
<i>Fund Balances:</i>		
Restricted for:		
Venue Construction and Maintenance	1,017,911	1,020,634
<i>Total Fund Balances</i>	1,017,911	1,020,634
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 1,018,479</b>	<b>\$ 1,035,195</b>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 VENUE TAX FUND  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>REVENUES</b>		
Sales Tax	\$ 197,191	\$ 204,326
Interest Income	905	1,070
<b>TOTAL REVENUES</b>	<b>198,096</b>	<b>205,396</b>
 <b>EXPENDITURES</b>		
Recreation	35,030	4,949
Capital Outlay	165,789	54,218
<b>TOTAL EXPENDITURES</b>	<b>200,819</b>	<b>59,167</b>
 Net Change in Fund Balance	<b>(2,723)</b>	146,229
 Fund Balances at Beginning of Year	<b>1,020,634</b>	874,405
 Fund Balances at End of Year	<b>\$ 1,017,911</b>	<b>\$ 1,020,634</b>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE BALANCE SHEETS  
 ECONOMIC DEVELOPMENT CORPORATION  
 SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 279,532	\$ 207,359
Sales Tax Receivable	16,791	15,686
<b>TOTAL ASSETS</b>	<b>\$ 296,323</b>	<b>\$ 223,045</b>
<b>LIABILITIES &amp; FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 3,186	\$ -
<i>Total Liabilities</i>	<b>3,186</b>	-
<i>Fund Balances:</i>		
Restricted for Economic Development	293,137	223,045
<i>Total Fund Balances</i>	<b>293,137</b>	223,045
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 296,323</b>	<b>\$ 223,045</b>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 ECONOMIC DEVELOPMENT CORPORATION  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>REVENUES</b>		
Sales Tax	\$ 98,596	\$ 102,163
Interest Income	216	199
Miscellaneous	401	-
<b>TOTAL REVENUES</b>	<b>99,213</b>	102,362
<b>EXPENDITURES</b>		
<i>Current:</i>		
General and Administrative	29,121	5,067
Capital Outlay	-	5,585
<b>TOTAL EXPENDITURES</b>	<b>29,121</b>	10,652
Net Change in Fund Balance	70,092	91,710
Fund Balances at Beginning of Year	<b>223,045</b>	131,335
Fund Balances at End of Year	<b>\$ 293,137</b>	\$ 223,045

TOWN OF HOLLYWOOD PARK  
 COMBINING BALANCE SHEETS  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013 AND 2012

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 14,826	\$ 13,603	\$ 2,030	\$ 9,791	\$ -
Other Receivables	-	-	-	923	1,657
<b>TOTAL ASSETS</b>	<b>\$ 14,826</b>	<b>\$ 13,603</b>	<b>\$ 2,030</b>	<b>\$ 10,714</b>	<b>\$ 1,657</b>
<b>LIABILITIES &amp; FUND BALANCES</b>					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-
<i>Total Liabilities</i>	-	-	-	-	-
<i>Fund Balances:</i>					
Restricted For:					
Tourism Development	-	-	-	-	1,657
Municipal Court	14,826	13,603	-	-	-
Street Maintenance	-	-	-	-	-
Police Department	-	-	-	-	-
Donor Stipulations	-	-	2,030	-	-
Public Service	-	-	-	10,714	-
Assigned for Capital Projects	-	-	-	-	-
<i>Total Fund Balances</i>	<b>14,826</b>	<b>13,603</b>	<b>2,030</b>	<b>10,714</b>	<b>1,657</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 14,826</b>	<b>\$ 13,603</b>	<b>\$ 2,030</b>	<b>\$ 10,714</b>	<b>\$ 1,657</b>

Special Revenue Funds				Capital	Total Nonmajor Funds	
Asset Forfeiture	Hotel Tax	Street Maintenance	Asset Seizure	Projects Fund	2013	2012
\$ 2,298	\$ 145,391	\$ 290,708	\$ 965	\$ 406,548	\$ 886,160	\$ 1,349,781
-	16,805	16,790	-	-	36,175	37,130
<u>\$ 2,298</u>	<u>\$ 162,196</u>	<u>\$ 307,498</u>	<u>\$ 965</u>	<u>\$ 406,548</u>	<u>\$ 922,335</u>	<u>\$ 1,386,911</u>
\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 2	\$ 2
-	13,931	-	-	-	13,931	-
-	13,931	-	2	-	13,933	2
-	148,265	-	-	-	149,922	956,206
-	-	-	-	-	28,429	21,684
-	-	307,498	-	-	307,498	224,574
2,298	-	-	963	-	3,261	1,323
-	-	-	-	-	2,030	2,030
-	-	-	-	-	10,714	-
-	-	-	-	406,548	406,548	181,092
<u>2,298</u>	<u>148,265</u>	<u>307,498</u>	<u>963</u>	<u>406,548</u>	<u>908,402</u>	<u>1,386,909</u>
<u>\$ 2,298</u>	<u>\$ 162,196</u>	<u>\$ 307,498</u>	<u>\$ 965</u>	<u>\$ 406,548</u>	<u>\$ 922,335</u>	<u>\$ 1,386,911</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, 2013 AND 2012

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
<b>REVENUES</b>					
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Tax	-	-	-	-	1,657
Franchise Fees	-	-	-	10,714	-
Fines and Penalties	3,856	2,887	-	-	-
Interest Income	1	1	-	-	-
Miscellaneous Income	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>3,857</u>	<u>2,888</u>	<u>-</u>	<u>10,714</u>	<u>1,657</u>
<b>EXPENDITURES</b>					
Current:					
Administration	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Public Works	-	-	-	-	-
Capital Outlay	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	3,857	2,888	-	10,714	1,657
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (Out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	3,857	2,888	-	10,714	1,657
Fund Balances at Beginning of Year	10,969	10,715	2,030	-	-
Fund Balances at End of Year	<u>\$ 14,826</u>	<u>\$ 13,603</u>	<u>\$ 2,030</u>	<u>\$ 10,714</u>	<u>\$ 1,657</u>

Asset Forfeiture	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	
	Hotel Tax	Street Maintenance	Asset Seizure		2013	2012
\$ -	\$ -	\$ 98,596	\$ -	\$ -	\$ 98,596	\$ 102,163
-	80,314	-	-	-	81,971	75,291
-	-	-	-	-	10,714	-
2,822	-	-	-	-	9,565	5,341
-	174	228	-	28	432	370
-	-	-	-	225,428	225,428	75,143
<u>2,822</u>	<u>80,488</u>	<u>98,824</u>	<u>-</u>	<u>225,456</u>	<u>426,706</u>	<u>258,308</u>
-	2,210	-	-	-	2,210	-
884	-	-	-	-	884	-
-	-	-	-	-	-	90
-	-	15,900	-	-	15,900	-
-	-	-	-	-	-	8,371
<u>884</u>	<u>2,210</u>	<u>15,900</u>	<u>-</u>	<u>-</u>	<u>18,994</u>	<u>8,461</u>
1,938	78,278	82,924	-	225,456	407,712	249,847
-	(886,219)	-	-	-	(886,219)	-
-	(886,219)	-	-	-	(886,219)	-
1,938	(807,941)	82,924	-	225,456	(478,507)	249,847
360	956,206	224,574	963	181,092	1,386,909	1,137,062
<u>\$ 2,298</u>	<u>\$ 148,265</u>	<u>\$ 307,498</u>	<u>\$ 963</u>	<u>\$ 406,548</u>	<u>\$ 908,402</u>	<u>\$ 1,386,909</u>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF NET POSITION  
 PROPRIETARY FUND – SEWER SYSTEM  
 SEPTEMBER 30, 2013 AND 2012

	<b>2013</b>	2012
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 162,848	\$ 160,752
Accounts Receivable	7,217	7,217
<b>TOTAL ASSETS</b>	<b>170,065</b>	167,969
 <b>LIABILITIES</b>		
Accounts Payable	17,703	16,619
<b>TOTAL LIABILITIES</b>	<b>17,703</b>	16,619
 <b>NET POSITION</b>		
Unrestricted	152,362	151,350
<b>TOTAL NET POSITION</b>	<b>\$ 152,362</b>	\$ 151,350

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUND – SEWER SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>Operating Revenues</b>		
Charges for Utility Services	\$ 96,216	\$ 86,917
<b>Total Operating Revenues</b>	<b>96,216</b>	<b>86,917</b>
<b>Operating Expenses Before Depreciation</b>		
Waste Water Treatment Fees	94,723	100,222
Maintenance	-	21,446
Miscellaneous	495	449
<b>Total Operating Expenses Before Depreciation</b>	<b>95,218</b>	<b>122,117</b>
Operating Income (Loss)	<b>998</b>	<b>(35,200)</b>
<b>Other Income (Expense):</b>		
Interest Income	14	17
<b>Total Other Income (Expense)</b>	<b>14</b>	<b>17</b>
<b>Change in Net Position</b>	<b>1,012</b>	<b>(35,183)</b>
Net Position at Beginning of Year	<b>151,350</b>	<b>186,533</b>
Net Position at End of Year	<b>\$ 152,362</b>	<b>\$ 151,350</b>

TOWN OF HOLLYWOOD PARK  
 COMPARATIVE STATEMENTS OF CASH FLOWS  
 PROPRIETARY FUND – SEWER SYSTEM  
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
<b>Cash Flows From Operating Activities:</b>		
Cash Received From Customers	\$ 96,216	\$ 86,655
Cash Paid to Suppliers for Goods and Services	(94,134)	(113,697)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,082</b>	<b>(27,042)</b>
<b>Cash Flows From Investing Activities:</b>		
Investment Interest Received	14	17
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>14</b>	<b>17</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,096</b>	<b>(27,025)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>160,752</b>	<b>187,777</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 162,848</b>	<b>\$ 160,752</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 998	\$ (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	1,084	8,420
<b>Total Adjustments to Reconcile Operating Activities</b>	<b>1,084</b>	<b>8,158</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 2,082</b>	<b>\$ (27,042)</b>



