

TOWN OF SUNNYVALE, TEXAS

ANNUAL FINANCIAL REPORT

Year Ended September 30, 2013

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Year Ended September 30, 2013

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Yeldell, Wilson & Co., P.C.

Certified Public Accountants

Greer Yeldell, CPA | Glen Wilson, CPA | Brooke Farmer, CPA | Joyce Reeve, CPA | Glenda Valek, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
Town of Sunnyvale, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Sunnyvale, Texas, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Sunnyvale, Texas, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–10 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Sunnyvale, Texas' basic financial statements. The combining and individual fund and component unit financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Yeldell, Wilson & Co., P.C.
Certified Public Accountants

January 24, 2014

TOWN OF SUNNYVALE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$20,011,126 (net position).
- The Town's total net position increased by \$745,487.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balance of \$5,111,842. Over 59% of this total amount, \$3,060,215 is unassigned and available for use within the Town's designation and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,064,242 or 65% of the total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, community services and community development. The business-type activities of the Town include utility operations.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories- governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains eight individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund and Debt Service fund both of which are considered to be major funds. Data from the other six funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13-15 of this report.

Proprietary Funds. The Town maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Operations fund, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-40 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison information. Required supplementary information may be found on page 42 of this report.

This report also presents combining statements referred to earlier in connection with non-major governmental funds. Combining and individual statements can be found on pages 44-45 of this report.

This report presents an individual fund financial schedule in connection with the utility operations fund. This individual fund financial schedule can be found on page 47 of this report.

This report also present combining fund financial statements and schedules in connection with the Sunnyvale 4A Corporation and the Sunnyvale 4B Corporation. The individual fund financial statements and schedules can be found on pages 49-52.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$20,011,126 as of September 30, 2013.

A large portion of the Town's net position (67%) reflects its investments in capital assets (e.g., land, construction in progress, buildings, improvements, machinery and equipment and infrastructure), less any debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN OF SUNNYVALE'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 8,652,781	\$ 5,869,231	\$ 7,209,338	\$ 6,917,937	\$ 15,862,119	\$ 12,787,168
Capital assets	8,626,970	8,647,411	10,360,270	10,369,611	18,987,240	19,017,022
Total assets	<u>17,279,751</u>	<u>14,516,642</u>	<u>17,569,608</u>	<u>17,287,548</u>	<u>34,849,359</u>	<u>31,804,190</u>
Total deferred outflows of resources	-	-	4,344	5,430	4,344	5,430
Long term liabilities	4,634,854	4,938,185	6,240,304	6,655,247	10,875,158	11,593,432
Other liabilities	3,504,825	580,821	462,594	369,728	3,967,419	950,549
Total liabilities	<u>8,139,679</u>	<u>5,519,006</u>	<u>6,702,898</u>	<u>7,024,975</u>	<u>14,842,577</u>	<u>12,543,981</u>
Net position:						
Net investment in capital assets	4,956,375	4,805,132	8,412,549	12,482,792	13,368,924	17,287,924
Restricted	1,851,519	1,546,831	1,098,608	1,072,987	2,950,127	2,619,818
Unrestricted	2,332,178	2,645,673	1,359,897	(3,287,776)	3,692,075	(642,103)
Total net position	<u>\$ 9,140,072</u>	<u>\$ 8,997,636</u>	<u>\$ 10,871,054</u>	<u>\$ 10,268,003</u>	<u>\$ 20,011,126</u>	<u>\$ 19,265,639</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

An additional portion of the Town's net position (15%) represents resources that are subject to external restriction on how they may be used.

Analysis of the Town's Operations. The following table provides a summary of the Town's operations for the year ended September 30, 2013. Governmental activities increased the Town's net position by \$142,436. Business-type activities increased the Town's net position by \$603,051.

TOWN OF SUNNYVALE'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 582,916	\$ 889,319	\$ 3,330,492	\$ 3,310,713	\$ 3,913,408	\$ 4,200,032
Operating grants and contributions	202,144	229,932	-	12,800	202,144	242,732
Capital grants and contributions	230,901	45,733	15,000	-	245,901	45,733
General revenues:						
Property tax	3,061,437	3,017,460	-	-	3,061,437	3,017,460
Sales tax	1,172,287	1,003,594	-	-	1,172,287	1,003,594
Franchise tax	940,189	903,025	-	-	940,189	903,025
Investment earnings	3,167	5,835	6,014	4,923	9,181	10,758
Miscellaneous	20,229	12,583	-	-	20,229	12,583
Total revenues	<u>6,213,270</u>	<u>6,107,481</u>	<u>3,351,506</u>	<u>3,328,436</u>	<u>9,564,776</u>	<u>9,435,917</u>
Expenses:						
General government	1,458,993	1,626,724	-	-	1,458,993	1,626,724
Public safety	1,900,606	1,954,257	-	-	1,900,606	1,954,257
Community services	1,979,301	1,048,309	-	-	1,979,301	1,048,309
Community development	305,228	87,704	-	-	305,228	87,704
Interest on long-term debt	228,506	199,329	-	-	228,506	199,329
Utility operations	-	-	2,946,655	2,967,308	2,946,655	2,967,308
Total expenses	<u>5,872,634</u>	<u>4,916,323</u>	<u>2,946,655</u>	<u>2,967,308</u>	<u>8,819,289</u>	<u>7,883,631</u>
Increase in net position before transfers	340,636	1,191,158	404,851	361,128	745,487	1,552,286
Transfers	(198,200)	(201,988)	198,200	201,988	-	-
Increase in net position	<u>142,436</u>	<u>989,170</u>	<u>603,051</u>	<u>563,116</u>	<u>745,487</u>	<u>1,552,286</u>
Net position - beginning, as restated	8,997,636	8,008,466	10,268,003	9,704,887	19,265,639	17,713,353
Net position - ending	<u>\$ 9,140,072</u>	<u>\$ 8,997,636</u>	<u>\$ 10,871,054</u>	<u>\$ 10,268,003</u>	<u>\$ 20,011,126</u>	<u>\$ 19,265,639</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,111,842. Approximately 60% of this total amount (\$3,060,215) constitutes unassigned fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted for community services (\$17,467), public safety (\$109,568), debt service (\$158,605), and infrastructure improvements (\$1,565,879), and assigned for infrastructure improvements (\$138,473) and community services (\$61,635).

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,064,242. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 65% of total general fund expenditures.

The fund balance of the Town's general fund increased \$534,324 during the current fiscal year.

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net position increased in 2013 by \$603,051.

General Fund Budgetary Highlights. Significant differences between the original budget and final amended budget can be briefly summarized as follows:

- \$215,00 increase in sales tax revenue
- \$60,000 decrease in fines revenue
- \$130,581 increase in town manager expenditures
- \$60,274 decrease in town secretary expenditures
- \$66,449 decrease in non-departmental expenditures
- \$302,717 increase in community services expenditures

General fund actual revenues of \$5,189,690 exceeded budgeted revenues of \$4,837,262 by \$352,428. Following are the main components that experienced an increase or decrease of actual revenue compared to budgeted revenue:

- Higher than expected property tax revenues exceeded budgeted revenues by \$97,796.
- Higher than expected sales tax revenues exceeded budgeted revenues by \$80,241.
- Higher than expected franchise tax revenues exceeded budgeted revenues by \$136,674.

Budgeted general fund expenditures of \$5,115,055 exceeded actual expenditures of \$4,736,217 by \$378,838.

- The \$162,779 (19%) decrease in town manager expenditures resulted primarily from a decrease in payroll expenses and budgeted comprehensive plan, land use, and impact fee studies that were not fully completed in the budget year.
- The \$119,633 (24%) decrease in fire and EMS expenditures resulted primarily from a decrease in utility costs and budgeted capital asset expenditures that were not expended in the budget year.
- The \$50,183 (4%) decrease in community services expenditures resulted primarily from a decrease in payroll expenses and decrease in routine planning costs.

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to \$18,987,240 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Land additions of approximately \$15,000.
- Construction in progress additions of approximately \$199,000.
- Machinery and equipment of approximately \$187,000 were purchased.
- Infrastructure improvements of approximately \$202,000 were constructed.

Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 963,894	\$ 963,894	\$ 127,225	\$ 112,225	\$ 1,091,119	\$ 1,076,119
Construction in progress	35,656	-	565,953	402,298	601,609	402,298
Buildings	3,696,457	3,813,068	1,179,655	1,217,439	4,876,112	5,030,507
Improvements	-	-	8,250,547	8,484,316	8,250,547	8,484,316
Machinery and equipment	414,887	416,282	236,890	153,333	651,777	569,615
Infrastructure	3,516,076	3,454,167	-	-	3,516,076	3,454,167
Total	<u>\$ 8,626,970</u>	<u>\$ 8,647,411</u>	<u>\$ 10,360,270</u>	<u>\$ 10,369,611</u>	<u>\$ 18,987,240</u>	<u>\$ 19,017,022</u>

Certain reclassifications have been made to the prior year data to conform with the current year presentation.

Additional information on the Town of Sunnyvale's capital assets can be found in note 3 on pages 29-31 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the Town had total debt of \$10,286,493.

Outstanding Debt at Year End Bonds and Notes Payable

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Bonds payable	\$ 4,295,000	\$ 4,805,000	\$ 5,865,000	\$ 6,370,000	\$ 10,160,000	\$ 11,175,000
Notes payable	-	-	126,493	185,051	126,493	185,051
Total	<u>\$ 4,295,000</u>	<u>\$ 4,805,000</u>	<u>\$ 5,991,493</u>	<u>\$ 6,555,051</u>	<u>\$ 10,286,493</u>	<u>\$ 11,360,051</u>

Additional information on the Town of Sunnyvale's debt can be found in note 3 on pages 31-34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

General Fund - Revenue for 2012-2013 decreased \$74,031 from the previous year. Most of the decrease is related to permits, fees and fines. This included a decrease in Developer 3% Fee for Engineering that in the previous year totaled \$106,624 and included the new elementary school, the Villages Phase 2 and townhomes vs. \$800 for the current year. Court fines and fees contributed to the decrease as the construction zone ended and the level of citations declined. Grant revenue was higher in the previous year due to a one time Texas Department of Public Safety grant for new radios for the Fire Department and the Marrizzi Tile Grant closed.

Expenditures for 2012-2013 increased \$38,196. The largest contributor was road repairs that increased approximately \$321,682 and was offset with savings in legal fees that totaled \$240,859 versus \$518,837 the previous year.

In the 2013-2014 budget, General Fund revenues are budgeted to increase by 5% versus the 2012-2013 actual year, with general property taxes making up about 50% of the general fund budgeted revenues and sales taxes making up about 21% of general fund budgeted revenues. These budgeted amounts reflect a 7% increase in the estimated value of taxable property and conservative franchise fee and sales tax revenue projections. The 2013-2014 proposed budget projects the general fund balance to decrease \$849 to about \$2,092,512, which will provide for 150 days of operating expenditures, well above the commonly used benchmark of 90 days, and maintains a level that supports sound and conservative fund management.

Water and Sewer Fund – 2012-2013 water and sewer revenues increased \$19,779 due to new development coming on line including the new elementary school and subdivision development. Expenses increased \$60,939 due to a combination of increased water, sewer and trash service purchase costs, debt service and depreciation expense.

In the 2013-2014 budgets, water and sewer revenues are budgeted at \$3,040,309 and \$3,111,124 (net of depreciation) for a projected \$70,815 decrease in the fund balance.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Secretary, 127 Collins Road, Sunnyvale, Texas 75182.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation
ASSETS					
Cash and cash equivalents	\$ 7,040,070	\$ 1,175,345	\$ 8,215,415	\$ -	\$ -
Investments	-	-	-	744,710	-
Receivables (net of allowance for uncollectibles)	721,375	509,981	1,231,356	-	-
Due from primary government	-	-	-	1,512,921	1,548,923
Due from other governments	-	96,406	96,406	-	-
Internal balances	19,955	(19,955)	-	-	-
Inventories	-	86,984	86,984	-	-
Restricted assets:					
Cash and cash equivalents	-	1,098,608	1,098,608	-	-
Investments	871,381	4,261,969	5,133,350	-	-
Capital assets:					
Non-depreciable	999,550	693,178	1,692,728	-	-
Depreciable (net of accumulated depreciation)	7,627,420	9,667,092	17,294,512	7,005	-
Total assets	<u>17,279,751</u>	<u>17,569,608</u>	<u>34,849,359</u>	<u>2,264,636</u>	<u>1,548,923</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount of refunding					
Total deferred outflows of resources	-	4,344	4,344	-	-
	<u>-</u>	<u>4,344</u>	<u>4,344</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable and other current liabilities	416,230	336,637	752,867	1,451	-
Accrued payroll payable	13,420	-	13,420	-	-
Accrued interest payable	13,331	23,722	37,053	-	-
Customer deposits payable	-	102,235	102,235	-	-
Due to component unit	3,061,844	-	3,061,844	-	-
Noncurrent liabilities:					
Due within one year	472,878	443,274	916,152	-	-
Due in more than one year	4,161,976	5,797,030	9,959,006	-	-
Total liabilities	<u>8,139,679</u>	<u>6,702,898</u>	<u>14,842,577</u>	<u>1,451</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	4,956,375	8,412,549	13,368,924	7,005	-
Restricted for:					
Community services	17,467	-	17,467	-	-
Public safety	109,568	-	109,568	-	-
Debt service	158,605	-	158,605	-	-
Infrastructure improvements	1,565,879	1,098,608	2,664,487	-	-
Unrestricted	2,332,178	1,359,897	3,692,075	2,256,180	1,548,923
Total net position	<u>\$ 9,140,072</u>	<u>\$ 10,871,054</u>	<u>\$ 20,011,126</u>	<u>\$ 2,263,185</u>	<u>\$ 1,548,923</u>

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF ACTIVITIES
Year Ended September 30, 2013

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business Activities	Total	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation
Primary government:									
Governmental activities:									
General government	\$ 1,458,993	\$ 109,181	\$ 178,730	\$ 2,477	\$ (1,168,605)	\$ -	\$ (1,168,605)	\$ -	\$ -
Public safety	1,900,606	448,154	19,971	5,906	(1,426,575)	-	(1,426,575)	-	-
Community services	1,979,301	25,581	3,443	222,518	(1,727,759)	-	(1,727,759)	-	-
Community development	305,228	-	-	-	(305,228)	-	(305,228)	-	-
Interest on long-term debt	228,506	-	-	-	(228,506)	-	(228,506)	-	-
Total governmental activities	<u>5,872,634</u>	<u>582,916</u>	<u>202,144</u>	<u>230,901</u>	<u>(4,856,673)</u>	<u>-</u>	<u>(4,856,673)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Utility operations	2,946,655	3,330,492	-	15,000	-	398,837	398,837	-	-
Total business-type activities	<u>2,946,655</u>	<u>3,330,492</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>398,837</u>	<u>398,837</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 8,819,289</u>	<u>\$ 3,913,408</u>	<u>\$ 202,144</u>	<u>\$ 245,901</u>	<u>(4,856,673)</u>	<u>398,837</u>	<u>(4,457,836)</u>	<u>-</u>	<u>-</u>
Component Units									
Sunnyvale 4A Development Corporation	\$ 637,441	\$ -	\$ -	\$ -				(637,441)	-
Sunnyvale 4B Development Corporation	337,289	-	-	-				-	(337,289)
Total component units	<u>\$ 974,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(637,441)</u>	<u>(337,289)</u>
General revenues:									
Property tax					3,061,437	-	3,061,437	-	-
Sales tax					1,172,287	-	1,172,287	586,143	586,143
Franchise tax					940,189	-	940,189	-	-
Investment earnings					3,167	6,014	9,181	1,623	1,039
Miscellaneous					20,229	-	20,229	-	-
Transfers					(198,200)	198,200	-	-	-
Total general revenues and transfers					<u>4,999,109</u>	<u>204,214</u>	<u>5,203,323</u>	<u>587,766</u>	<u>587,182</u>
Change in net position					142,436	603,051	745,487	(49,675)	249,893
Net position - beginning, as restated					8,997,636	10,268,003	19,265,639	2,312,860	1,299,030
Net position - ending					<u>\$ 9,140,072</u>	<u>\$ 10,871,054</u>	<u>\$ 20,011,126</u>	<u>\$ 2,263,185</u>	<u>\$ 1,548,923</u>

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 6,207,778	\$ 147,070	\$ 685,222	\$ 7,040,070
Investments	-	-	871,381	871,381
Receivables (net of allowance for uncollectibles)	700,487	19,145	1,743	721,375
Due from other funds	22,895	-	145,041	167,936
Total assets	<u>\$ 6,931,160</u>	<u>\$ 166,215</u>	<u>\$ 1,703,387</u>	<u>\$ 8,800,762</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 416,230	\$ -	\$ -	\$ 416,230
Accrued payroll payable	13,420	-	-	13,420
Due to other funds	145,041	-	2,940	147,981
Due to component unit	3,061,844	-	-	3,061,844
Total liabilities	<u>3,636,535</u>	<u>-</u>	<u>2,940</u>	<u>3,639,475</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	41,835	7,610	-	49,445
Total deferred inflows of resources	<u>41,835</u>	<u>7,610</u>	<u>-</u>	<u>49,445</u>
FUND BALANCES				
Restricted for:				
Community services	-	-	17,467	17,467
Public safety	-	-	109,568	109,568
Debt service	-	158,605	-	158,605
Infrastructure improvements	25,000	-	1,540,879	1,565,879
Assigned for:				
Infrastructure improvements	138,473	-	-	138,473
Community services	25,075	-	36,560	61,635
Unassigned	3,064,242	-	(4,027)	3,060,215
Total fund balances	<u>3,252,790</u>	<u>158,605</u>	<u>1,700,447</u>	<u>5,111,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,931,160</u>	<u>\$ 166,215</u>	<u>\$ 1,703,387</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	8,626,970
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(13,331)
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	49,445
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Due within one year	\$ (472,878)
Due in more than one year	<u>(4,161,976)</u>
Total	<u>(4,634,854)</u>
Net position of governmental activities	<u>\$ 9,140,072</u>

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes:				
Property	\$2,403,478	\$ 749,876	\$ -	\$ 3,153,354
Sales	1,172,287	-	-	1,172,287
Franchise	931,178	-	9,011	940,189
Licenses and permits	109,181	-	-	109,181
Fines and forfeitures	375,898	-	21,137	397,035
Charges for current services	68,367	-	8,333	76,700
Revenues from use of money	452	276	2,439	3,167
Other revenue	20,229	-	-	20,229
Intergovernmental	36,774	-	-	36,774
Contributions and donations	135,000	43,730	2,400	181,130
Total revenues	<u>5,252,844</u>	<u>793,882</u>	<u>43,320</u>	<u>6,090,046</u>
EXPENDITURES				
Current:				
General government	1,362,461	-	2,940	1,365,401
Public safety	1,898,035	-	24,239	1,922,274
Community services	1,234,812	-	678,153	1,912,965
Community development	248,212	-	1	248,213
Debt service:				
Principal retirement	-	4,805,000	-	4,805,000
Interest and fiscal charges	-	173,120	-	173,120
Bond issuance costs	-	73,452	-	73,452
Total expenditures	<u>4,743,520</u>	<u>5,051,572</u>	<u>705,333</u>	<u>10,500,425</u>
Excess of revenues over expenditures	<u>509,324</u>	<u>(4,257,690)</u>	<u>(662,013)</u>	<u>(4,410,379)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	-	-	25,000
Transfers out	-	(223,200)	-	(223,200)
Refunding bonds issued	-	4,295,000	-	4,295,000
Premium on bonds issued	-	254,032	-	254,032
Total other financing sources and uses	<u>25,000</u>	<u>4,325,832</u>	<u>-</u>	<u>4,350,832</u>
Net change in fund balances	534,324	68,142	(662,013)	(59,547)
Fund balances - beginning	<u>2,718,466</u>	<u>90,463</u>	<u>2,362,460</u>	<u>5,171,389</u>
Fund balances - ending	<u>\$3,252,790</u>	<u>\$ 158,605</u>	<u>\$1,700,447</u>	<u>\$ 5,111,842</u>

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2013

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balance-total governmental funds (page 14) \$ (59,547)

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period plus assets contributed from the enterprise fund. 317,425

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. (337,866)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds	\$(4,295,000)	
Premium	(254,032)	
Amortization of premium	7,056	
Bond principal retirement	4,805,000	263,024

Payment of compensated absences is reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of changes in net position compensated absences are expensed as they are accrued. Change in the compensated absences liability. 40,307

Some revenues will not be collected for several months after the city's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred on Fund statements. (91,917)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest. 11,010

Change in net position of governmental activities (page 12) \$ 142,436

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
September 30, 2013

	Business-type Activities - Enterprise (Utility Operations) Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,175,345
Receivables (net of allowance for uncollectibles)	509,981
Due from other governments	96,406
Inventory	86,984
Total current assets	1,868,716
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,098,608
Investments	4,261,969
Total restricted assets	5,360,577
Capital assets (net, where applicable of accumulated depreciation)	10,360,270
Total noncurrent assets	15,720,847
Total assets	17,589,563
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amount of refunding	4,344
Total deferred outflows of resources	4,344
LIABILITIES	
Current liabilities:	
Accounts payable and other current liabilities	336,637
Due to other funds	19,955
Compensated absences	26,270
Customer deposits payable	102,235
Bonds payable	405,000
Notes payable	12,004
Accrued interest payable	23,722
Total current liabilities	925,823
Noncurrent liabilities:	
Bonds payable	5,682,541
Notes payable	114,489
Total noncurrent liabilities	5,797,030
Total liabilities	6,722,853
NET POSITION	
Net investment in capital assets	8,412,549
Restricted for infrastructure improvements	1,098,608
Unrestricted	1,359,897
Total net position	\$ 10,871,054

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended September 30, 2013

	Business-type Activities - Enterprise (Utility Operations) Fund
Operating revenues:	
Water revenue	\$ 1,830,591
Sewer revenue	1,076,308
Garbage collection fees	248,054
Impact fees	122,711
Tap fees	12,675
Other	40,153
Total operating revenues	3,330,492
Operating expenses:	
Costs of sales and services	2,517,502
Depreciation	294,914
Total operating expenses	2,812,416
Operating income	518,076
Nonoperating revenue (expenses):	
Investment earnings	6,014
Interest and fiscal charges	(86,980)
Bond issuance costs	(47,259)
Total nonoperating revenue (expenses)	(128,225)
Income before capital contributions and transfers	389,851
Capital contributions	15,000
Transfer in	223,200
Transfer out	(25,000)
Change in net position	603,051
Total net position - beginning, as restated	10,268,003
Total net position - ending	\$ 10,871,054

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended September 30, 2013

	Business-type Activities - Enterprise (Utility Operations) Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 3,332,422
Payments to suppliers	(2,195,729)
Payments to employees	(396,972)
Net cash provided (used) by operating activities	<u>739,721</u>
Cash flows from noncapital financing activities:	
Repayment of advances from other funds	(813,214)
Transfers from other funds	223,200
Transfers to other funds	(25,000)
Net cash provided (used) by noncapital financing activities	<u>(615,014)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(142,811)
Bond issuance costs	(47,259)
Principal paid on capital debt	(448,422)
Interest paid on capital debt	(200,456)
Net cash provided (used) by capital and related financing activities	<u>(838,948)</u>
Cash flows from investing activities:	
Interest on investments	6,014
Net cash provided (used) by investing activities	<u>6,014</u>
Net change in cash and cash equivalents	(708,227)
Cash and cash equivalents at beginning of year	<u>7,244,149</u>
Cash and cash equivalents at end of year	<u>\$ 6,535,922</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 518,076
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	294,914
(Increase) decrease in accounts receivable	(65,036)
(Increase) decrease in due from other governments	(96,406)
(Increase) decrease in inventory	(7,645)
Increase (decrease) in accounts payable and accrued expenses	93,888
Net increase in customer deposits	1,930
Total adjustments	<u>221,645</u>
Net cash provided by operating activities	<u>\$ 739,721</u>
Noncash investing, capital and financing activities:	
Contributions of capital assets from developers	\$ 15,000

See accompanying notes to financial statements.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The Town of Sunnyvale, Texas (the "Town") was incorporated in 1953. The accompanying financial statements present the Town and its component units (traditionally separate reporting entities), for which the Town is considered to be financially accountable. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the Town is required to consider other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units.

Discretely Presented Component Units—The Corporations described below are included in the Town's reporting entity because the Town appoints the governing body and the Corporations are fiscally dependent on the Town. The Corporations are reported as discretely presented component units since the governing body is not substantively the same as the governing body of the Town, and it provide services to the citizens of Sunnyvale and the surrounding area as opposed to only the primary government. To emphasize that they are legally separate from the Town, they are reported in a separate column in the financial statements. Fund information for the component units, if applicable, may be found in the supplementary information in this report. Separate financial statements for the Corporations are not issued.

The Sunnyvale 4A Development Corporation is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

The Sunnyvale 4B Development Corporation is responsible for collecting and disbursing the one-half on one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and fund financial statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, inventories of materials and supplies are considered expenditures when used and debt service expenditures, as well as expenditures related to accumulated unpaid vacation pay, are recorded only when payment is due.

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, and interest associated with the current fiscal year are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within sixty days of the fiscal year end. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

The Town reports the following major governmental funds:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for the accumulation of resources for the payment of general debt principal, interest and related costs. The revenue source is principally ad valorem taxes levied by the Town.

The Town reports the following major proprietary fund:

The *utility operations fund* accounts for the activities of trash collection, and water and wastewater operations that are intended to be self-supporting through user charges.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the Town's utility operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility operations enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net position or equity

Deposits and Investments -

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition and money market accounts.

Investments for the Town are reported at fair value.

Receivables and payables -

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivables in excess of sixty days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to .2 percent of taxes levied each year.

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property. Appraised values are established by the Dallas Central Appraisal District as market value and assessed at 100% of appraised value. Property taxes attach as an enforceable lien on property as of January 1. The Town bills and collects its own property taxes, which are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Over time substantially all property taxes are collected.

Inventory -

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net position or equity (continued)

Restricted assets –

Certain proceeds of the Town’s enterprise fund revenue bonds are classified as restricted assets on the statement of net position because they are maintained in a separate bank account and their use is limited by applicable bond covenants. The "utility system improvements" account is used to report fees that are, by law, restricted to the projects these funds may be used to support. The "revenue bond construction" account is used to report those proceeds of bond issuance that are restricted for use in construction.

Capital assets -

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period. The total interest expense incurred by the utility operations fund during the current fiscal year was \$214,742. Of this amount, \$127,762 was included as part of the cost of capital assets under construction.

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

Assets	Years
Buildings	40-50
Improvements	10-50
Machinery and equipment	5-40
Infrastructure	15-50

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net position or equity (continued)

Deferred outflows/inflows of resources -

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and on the utility operations fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Compensated absences –

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations -

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net position or equity (continued)

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.

Net Position -

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the government-wide financial statements and proprietary fund statements. Net position is classified in the following categories:

Net investment in capital assets —This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position —This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position —This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position”.

Fund Equity -

The governmental fund financials present fund balance categorized based on the nature and extent of the constraints placed on the specific purposes for which a government's funds may be spent. The following classifications describe the relative strength of the spending constraints:

Restricted fund balance —amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, liabilities, and net position or equity (continued)

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Council or by an official or body to which the Town Council delegates the authority.

Unassigned fund balance—amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Other governmental funds might report a negative balance in this classification, as a result of overspending for specific purposes for which amounts had been restricted, committed, or assigned. Positive balances are reported only in the general fund.

When both restricted and unrestricted resources are available for use, it is the government's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned, in order as needed.

E. New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the Town has reviewed for application to their accounting and reporting.

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Town has implemented this reporting for the year ended September 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Town has implemented this statement in the year ended September 30, 2013. As a result, prior year "deferred charges" of \$37,107 have been expensed in the prior period adjustment explained in Note 4 (G). In addition, \$4,344, representing the difference between the reacquisition price and the net carrying amount of the old debt on the current year's refunding, has been reported as "deferred outflows of resources" and will be recognized as a component of interest expense over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a budgetary basis for the general fund. All annual appropriations lapse at fiscal year end. The legal level of budgetary control is the fund level.

B. Compliance with finance related legal and contractual provisions

The Town has no material violations of finance related legal and contractual provisions, including the Texas Public Funds Investment Act.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits. At year end, the bank balance of the Town’s deposits was \$9,406,599. Of the bank balance, \$606,343 was covered by federal depository insurance, and the remaining balance of \$8,800,256 was covered by collateral pledged in the Town's name by the safekeeping department of the pledging bank's agent and had a fair value of approximately \$11,347,000.

Investments – Public funds of the Town of Sunnyvale, Texas may be invested in the following: (1) Local Government Investment Pools TexSTAR or TexPool, (2) money market accounts with the depository bank, and (3) bank collateralized certificates of deposit not greater than one year maturity.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the Public Funds Investment Act, and the actual rating as of year end.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Tex Star	<u>\$5,133,350</u>	N/A	AAAm

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and investments (continued)

The local government investment pool, Tex Star, is managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pool seeks to maintain a \$1 value per share as required by the Texas Public Funds Investment Act. Although the pool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the Town's position in the pool is the same as the value of pool's shares.

Tex Star is co-administered by First Southwest Asset Management, Inc. and JPMorgan Chase, who provide investment services, participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JP Morgan Chase Bank and/or its subsidiary J.P. Morgan Investor Services Co.

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government				Total
	General	Debt Service	Nonmajor Governmental	Utility Operations	
Receivables:					
Taxes	\$ 687,591	\$ 14,218	\$ 1,743	\$ -	\$ 703,552
Accounts	-	-	-	509,981	509,981
Other	47,172	10,198	-	-	57,370
Gross receivables	<u>734,763</u>	<u>24,416</u>	<u>1,743</u>	<u>509,981</u>	<u>1,270,903</u>
Less: allowance for uncollectibles	<u>(34,276)</u>	<u>(5,271)</u>	<u>-</u>	<u>-</u>	<u>(39,547)</u>
Net total receivables	<u>\$ 700,487</u>	<u>\$ 19,145</u>	<u>\$ 1,743</u>	<u>\$ 509,981</u>	<u>\$ 1,231,356</u>

C. Related Party Transaction

The Town has a note receivable from the former City Manager in the amount of \$41,437 for relocation expenses as of September 30, 2013. The note receivable bears an interest rate of 6.00%. This amount was repaid as part of a severance package given to the City Manager upon termination subsequent to year end.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Capital assets

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

Primary Government -

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 963,894	\$ -	\$ -	\$ 963,894
Construction in progress	-	35,656	-	35,656
Total capital assets not being depreciated	<u>963,894</u>	<u>35,656</u>	<u>-</u>	<u>999,550</u>
Capital assets being depreciated:				
Buildings	4,907,347	-	-	4,907,347
Machinery and equipment	3,319,960	80,004	(15,000)	3,384,964
Infrastructure	4,262,792	201,765	-	4,464,557
Totals capital assets being depreciated	<u>12,490,099</u>	<u>281,769</u>	<u>(15,000)</u>	<u>12,756,868</u>
Less accumulated depreciation for:				
Buildings	(1,094,279)	(116,611)	-	(1,210,890)
Machinery and equipment	(2,903,678)	(81,399)	15,000	(2,970,077)
Infrastructure	(808,625)	(139,856)	-	(948,481)
Total accumulated depreciation	<u>(4,806,582)</u>	<u>(337,866)</u>	<u>15,000</u>	<u>(5,129,448)</u>
Total capital assets, being depreciated, net	<u>7,683,517</u>	<u>(56,097)</u>	<u>-</u>	<u>7,627,420</u>
Governmental activities capital assets, net	<u>\$ 8,647,411</u>	<u>\$ (20,441)</u>	<u>\$ -</u>	<u>\$ 8,626,970</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 112,225	\$ 15,000	\$ -	\$ 127,225
Construction in progress	402,298	163,655	-	565,953
Total capital assets not being depreciated	<u>514,523</u>	<u>178,655</u>	<u>-</u>	<u>693,178</u>
Capital assets being depreciated:				
Buildings	1,959,801	-	-	1,959,801
Improvements	11,612,482	-	-	11,612,482
Machinery and equipment	474,020	106,918	-	580,938
Total capital assets being depreciated	<u>14,046,303</u>	<u>106,918</u>	<u>-</u>	<u>14,153,221</u>
Less accumulated depreciation for:				
Buildings	(742,362)	(37,784)	-	(780,146)
Improvements	(3,128,166)	(233,769)	-	(3,361,935)
Machinery and equipment	(320,687)	(23,361)	-	(344,048)
Total accumulated depreciation	<u>(4,191,215)</u>	<u>(294,914)</u>	<u>-</u>	<u>(4,486,129)</u>
Total capital assets being depreciated, net	<u>9,855,088</u>	<u>(187,996)</u>	<u>-</u>	<u>9,667,092</u>
Business-type capital assets, net	<u>\$ 10,369,611</u>	<u>\$ (9,341)</u>	<u>\$ -</u>	<u>\$ 10,360,270</u>

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Capital assets (continued)

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

Governmental activities:	
General government	\$ 117,642
Public safety	161,432
Community services	58,792
Total depreciation expense - governmental activities	<u>\$ 337,866</u>
Business-type activities:	
Utility operations	\$ 294,914
Total depreciation expense - business-type activities	<u>\$ 294,914</u>

The construction in progress consists of fire department equipment and utility system improvements.

Construction Commitments –

The Town has construction projects outstanding as of September 30, 2013. These projects are evidenced by contractual commitments with contractors and include:

<u>Project</u>	<u>Spent-to-date</u>	<u>Commitment Remaining</u>
Utility system improvements	\$ 129,659	\$ 61,192
	<u>\$ 129,659</u>	<u>\$ 61,192</u>

The utility system improvements project is a commitment of the Town's 4A development corporation fund and utility operations enterprise funds. This project is being funded by certificates of obligation and contributions from the Sunnyvale 4A Development Corporation.

Sunnyvale 4A Development Corporation -

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Machinery and equipment	\$ -	\$ 8,577	\$ -	\$ 8,577
Total capital assets being depreciated	-	8,577	-	8,577
Less accumulated depreciation for:				
Machinery and equipment	-	(1,572)	-	(1,572)
Total accumulated depreciation	-	(1,572)	-	(1,572)
Total capital assets, being depreciated, net	-	7,005	-	7,005
Governmental activities capital assets, net	<u>\$ -</u>	<u>\$ 7,005</u>	<u>\$ -</u>	<u>\$ 7,005</u>

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

D. Capital assets (continued)

Depreciation expense was charged to functions/programs of the Sunnyvale 4A Development Corporation as follows:

Governmental activities:	
Community development	\$ 1,572

E. Interfund receivables, payables and transfers

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 2,940
General	Utility operations	19,955
Nonmajor governmental funds	General	145,041
		\$ 167,936

These balances resulted from the lag time between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers:

<u>Transfer out:</u>	<u>Transfer In:</u>		
	<u>General</u>	<u>Utility Operations</u>	<u>Total</u>
Debt Service	\$ -	\$ 223,200	\$ 223,200
Utility Operations	25,000	-	25,000
	\$ 25,000	\$ 223,200	\$ 248,200

Transfers are:

- Debt Service to Utility Operations for payment of bond
- Utility Operations to General Fund for operating expenses

F. Long-term liabilities

Certificates of Obligation -

The Town issues certificates of obligation to provide fund for the acquisition and construction of major capital facilities. Certificates of obligation have been issued for business-type activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the government and are further secured by and payable from a pledge of the surplus net revenues derived from the operation of the Town's utility operations.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term liabilities (continued)

Certificates of obligation currently outstanding are as follows:

Purpose	Interest Rates	Amount
Business-type activities	2.00-4.25%	\$ 2,840,000

Annual debt service requirements to maturity for certificates of obligation bonds are as follows:

Year Ending September 30	Business-type Activities	
	Principal	Interest
2014	\$ 115,000	\$ 105,650
2015	120,000	103,000
2016	120,000	99,700
2017	125,000	96,025
2018	130,000	92,200
2019-2023	725,000	380,750
2024-2028	885,000	220,350
2029-2030	620,000	39,913
	\$ 2,840,000	\$ 1,137,588

General Obligation Bonds -

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

General obligation bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.00-3.00%	\$ 4,295,000
Business-type activities	2.00-3.00%	3,025,000
		\$ 7,320,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending September 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 380,000	\$ 102,850	\$ 290,000	\$ 79,301
2015	400,000	95,050	295,000	71,875
2016	415,000	86,900	305,000	64,250
2017	450,000	78,250	315,000	56,350
2018	470,000	69,050	145,000	50,875
2019-2023	955,000	253,500	775,000	190,911
2024-2028	1,225,000	95,175	900,000	69,000
	\$ 4,295,000	\$ 780,775	\$ 3,025,000	\$ 582,562

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term liabilities (continued)

Notes Payable -

Notes payable currently outstanding and reported as a liability of the Town's business-type activities is:

In fiscal year 2007, the Town executed an infrastructure repayment agreement with the Texas Department of Agriculture's Rural Economic Development Division. Under the terms of agreement the Town agreed to repay program income to the Texas Department of Agriculture an amount up to \$192,100. The note is noninterest bearing. However, to reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed interest rate of 5.00%. Payments will be made in no more than two hundred forty equal monthly installments beginning the first (1st) day of the third (3rd) month following the completion date or occupancy by the beneficiary, whichever comes first. The amount of funds to be repaid as of September 30, 2013 totals \$180,055. The amount due within one year totals \$12,004.

Future note payments are as follows:

<u>Year Ending September 30</u>	
2014	\$ 12,004
2015	12,004
2016	12,004
2017	12,004
2018	12,004
2029-2023	60,020
2023-2028	<u>60,015</u>
Total note payments	180,055
Unamortized discount	<u>(53,562)</u>
Present value of note payments	<u>\$ 126,493</u>

Changes in long-term liabilities –

Long-term liability activity for the year ended September 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Certificates of obligation	\$ 4,805,000	\$ -	\$ (4,805,000)	\$ -	\$ -
General obligation bonds	-	4,295,000	-	4,295,000	380,000
Less deferred amounts:					
For issuance premium	-	254,032	(7,056)	246,976	-
Total bonds payable	<u>4,805,000</u>	<u>4,549,032</u>	<u>(4,812,056)</u>	<u>4,541,976</u>	<u>380,000</u>
Compensated absences	133,185	57,049	(97,356)	92,878	92,878
Governmental activity					
Long-term liabilities	<u>\$ 4,938,185</u>	<u>\$ 4,606,081</u>	<u>\$ (4,909,412)</u>	<u>\$ 4,634,854</u>	<u>\$ 472,878</u>

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

F. Long-term liabilities (continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Certificates of obligation	\$ 5,565,000	\$ -	\$ (2,725,000)	\$ 2,840,000	\$ 115,000
General obligation bonds	805,000	2,370,000	(150,000)	3,025,000	290,000
Less deferred amounts:					
For issuance premium	70,794	164,064	(12,317)	222,541	-
Total bonds payable	6,440,794	2,534,064	(2,887,317)	6,087,541	405,000
Notes payable	243,477	-	(63,422)	180,055	12,004
Less discount on notes payable	(58,426)	-	4,864	(53,562)	-
Total notes payable	185,051	-	(58,558)	126,493	12,004
Compensated absences	29,402	26,700	(29,832)	26,270	26,270
Business-type activity					
Long-term liabilities	<u>\$ 6,655,247</u>	<u>\$ 2,560,764</u>	<u>\$ (2,975,707)</u>	<u>\$ 6,240,304</u>	<u>\$ 443,274</u>

Certificates of obligation and general obligation bonds issued for governmental activity purposes are liquidated by the debt service fund. Governmental compensated absences will be liquidated by the General Fund. Certificates of obligation, general obligation bonds, notes payable and compensated absences issued for business-type activities are repaid from those activities.

G. Restricted assets

The balances of the restricted asset accounts in the enterprise fund are as follows:

Utility system improvements	\$ 1,098,608
Revenue bond construction account	4,261,969
	<u>\$ 5,360,577</u>

NOTE 4 – OTHER INFORMATION

A. Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

B. Commitments

The Town has entered into an agreement with Dallas County Sheriff's office to provide police services for the Town. The agreement is for a one year term ending September 30, 2014 with monthly payments of \$112,262. Payments under the previous agreement for the year ended September 30, 2013 totaled \$1,267,164.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

B. Commitments (continued)

The Town entered into a contract for a period of thirty years with the North Texas Municipal Water District ("NTMWD") on June 10, 2002. The City agreed to take or pay for the highest total amount withdrawn from the NTMWD's system by the Town during any previous year or 227,674,000 gallons of water annually, whichever is greater, at a rate 5 cents above the rates established for member cities of the district, but in no event less than fifty cents per thousand gallons. The per thousand gallon rate charge in 2013 was \$1.75. The contract shall continue in force and effect until March 2027.

The Town entered into an agreement with VCZ Development, LLC (Developer) on May 26, 2011. The Town agreed to advance the sum of \$180,000 as a temporary construction and development loan to the Developer, with a maximum term of five years at an interest rate equal to the Mid Term Applicable Federal Rate (AFR) in effect on the effective date of the Agreement. The loan will be repaid in equal annual installments of principal and accrued interest on the unpaid balance, with the first payment due one year from date of execution of the deed of trust. As of September 30, 2013 no amount has been loaned under the agreement.

Sunnyvale 4A Development Corporation (Corporation) entered into an agreement with RKS Sunnyvale II Inc. (Developer) on April 30, 2012. The Corporation agreed to reimburse the Developer an amount not to exceed the lesser of the following: (1) \$1,500,000, (2) the total cost spent for the construction of infrastructure improvements, or (3) fifty percent of the total cost spent for the construction of qualified expenditures for infrastructure improvements. The agreement will be effective until all obligations of the Developer and the Corporation have been performed in full, or until June 30, 2023, whichever is later; provided however, if the obligations of the Developer have not been completed as of June 30, 2023, the terms of the agreement shall automatically be extended until June 30, 2027. As of September 30, 2013 \$500,000 has been reimbursed under this agreement.

C. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Town is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, Town officials believe that the outcome of these proceedings, either singularly or in the aggregate, will not have a materially adverse effect on the accompanying financial statements. No liability has been accrued as of September 30, 2013.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan

Plan Description -

The Town provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide 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 www.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	6.0%	6.0%
Matching ratio (Town to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions -

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25.3-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

The Town contributes to the TMRS Plan at an actuarially determined rate, which for 2013 and 2012 was 13.70% and 12.44%, respectively. 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/(asset) are as follows:

Annual Required Contribution (ARC)	\$	177,765
Interest on Net Pension Obligation		-
Adjustment to the ARC		-
Annual Pension Cost (APC)		177,765
Contributions Made		(177,765)
Increase (decrease) in net pension obligation		-
Net Pension Obligation/(Asset), beginning of year		-
Net Pension Obligation/(Asset), end of year	\$	-

Six-year trend information is as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2008	\$ 140,154	\$ 140,154	100%	\$ -
2009	177,151	177,151	100%	-
2010	192,915	192,915	100%	-
2011	200,457	200,457	100%	-
2012	167,615	167,615	100%	-
2013	177,765	177,765	100%	-

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

Valuation Date	12/31/2010	12/31/2011	12/31/2012
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	27.2 years; closed period	26.2 years; closed period	25.3 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

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

D. Retirement plan (continued)

Actuarial Assumptions:

Investment Rate of Return*	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress - The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2007	\$ 1,255,609	\$ 2,058,351	61.0%	\$ 802,742	\$ 1,130,264	71.0%
12/31/2008	1,371,176	2,361,100	58.1%	989,924	1,283,928	77.1%
12/31/2009	1,475,686	2,553,930	57.8%	1,078,244	1,406,223	76.7%
12/31/2010	2,438,267	3,489,016	69.9%	1,050,749	1,432,981	73.3%
12/31/2011	2,771,176	3,750,414	73.9%	979,238	1,402,854	69.8%
12/31/2012	3,060,596	3,835,601	79.8%	775,005	1,250,289	62.0%

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 expectation 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.

E. Postemployment Benefits

Program Description:

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 SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

E. Postemployment Benefits (continued)

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 www.TMRS.com.

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 Town's contributions to the TMRS SDBF and schedule of contribution rates are as follows:

Plan / Calendar Year	Schedule of Contribution Rates As a Percentage of Covered Payroll				
	Town's Contribution				
	Annual Required Contribution	Actual Contribution Made	Annual Required Contribution	Actual Contribution Made	Percentage of ARC Contributed
2008	\$ 3,617	\$ 3,617	0.32%	0.32%	100.0%
2009	4,109	4,109	0.32%	0.32%	100.0%
2010	3,656	3,656	0.32%	0.32%	100.0%
2011	3,711	3,711	0.26%	0.26%	100.0%
2012	3,086	3,086	0.22%	0.22%	100.0%
2013	2,751	2,751	0.22%	0.22%	100.0%

F. Subsequent event

Subsequent to the year end Sunnyvale 4B Development Corporation approved funding for park improvements in the amount of approximately \$44,000, awarded bids in the amount of approximately \$19,000 for landscaping improvements, and approved the purchase of approximately \$25,000 of equipment.

TOWN OF SUNNYVALE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2013

NOTE 4 – OTHER INFORMATION (continued)

G. Prior Period Adjustment

Corrections have been made to the governmental activities, business-type activities and discretely presented component units beginning net position in the government-wide financial statements and to the fund balance/net position in the fund financial statements due changes in accounting principles and errors in classification and recording financial transactions in the prior period, resulting in an understatement/overstatement of assets, an understatement/overstatement of fund balance/net position, an understatement/overstatement of revenues, and an understatement/overstatement of expenses of the prior year. The change to the beginning net position as of October 1, 2012 is summarized as follows:

	Fund Financial Statements		Government-wide Financial Statements	
	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Governmental Activities	Component Units
As previously recorded, October 1, 2012	\$ 2,312,860	\$ 1,299,030	\$ 12,646,633	\$ -
Correct overstatement/understatement of cash and cash equivalents	(969,268)	(1,193,871)	(2,163,139)	2,163,139
Correct overstatement/understatement of investments	(1,243,792)	-	(1,243,792)	1,243,792
Correct understatement of due from primary government	-	-	-	210,878
Correct overstatement of accounts receivable	(105,439)	(105,439)	-	-
To expense deferred charges as a result of a change in accounting principles	-	-	(37,107)	-
Correct overstatement/understatement of accounts payable	5,639	280	5,919	(5,919)
Correct understatement of due to component units	-	-	(210,878)	-
Restated, October 1, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,997,636</u>	<u>\$ 3,611,890</u>
Effect of restatement on operations for the year ended September 30, 2012	<u>\$ (172,527)</u>	<u>\$ (186,093)</u>	<u>\$ (354,750)</u>	<u>\$ 358,620</u>

	Fund Financial Statements	Government-wide Financial Statements
	Utility Operation	Business-type Activities
As previously recorded, October 1, 2012	\$ 10,393,247	\$ 10,393,247
Correct overstatement of deferred charges	(125,244)	(125,244)
Restated, October 1, 2012	<u>\$ 10,268,003</u>	<u>\$ 10,268,003</u>
Effect of restatement on operations for the year ended September 30, 2012	<u>\$ 12,280</u>	<u>\$ 12,280</u>

REQUIRED SUPPLEMENTARY INFORMATION

Major Governmental Funds

This supplementary schedule is included to supplement the basic financial statements as required by Governmental Accounting Standards Board.

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended September 30, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
	Original	Final				
REVENUES						
Taxes:						
Property	\$2,284,574	\$2,284,574	\$2,403,478	\$ (21,108)	\$2,382,370	\$ 97,796
Sales	835,000	1,050,000	1,172,287	(42,046)	1,130,241	80,241
Franchise	798,000	794,504	931,178	-	931,178	136,674
Licenses and permits	117,000	117,050	109,181	-	109,181	(7,869)
Fines	450,000	390,000	375,898	-	375,898	(14,102)
Charges for current services	47,200	61,045	68,367	-	68,367	7,322
Revenues from use of money	1,500	1,500	452	-	452	(1,048)
Other revenue	7,000	14,196	20,229	-	20,229	6,033
Intergovernmental	-	16,393	36,774	-	36,774	20,381
Contributions and donations	108,000	108,000	135,000	-	135,000	27,000
Total revenues	<u>4,648,274</u>	<u>4,837,262</u>	<u>5,252,844</u>	<u>(63,154)</u>	<u>5,189,690</u>	<u>352,428</u>
EXPENDITURES						
Current:						
General government:						
Town manager	738,707	869,288	705,945	564	706,509	(162,779)
Town secretary	166,410	106,136	99,348	482	99,830	(6,306)
Finance	167,045	164,619	150,486	1,023	151,509	(13,110)
Non-departmental	336,195	402,644	406,682	-	406,682	4,038
Public safety:						
Fire and EMS	511,580	497,579	393,128	(15,182)	377,946	(119,633)
Municipal court	196,825	177,611	174,092	574	174,666	(2,945)
Patrol and police	1,347,025	1,347,025	1,330,815	-	1,330,815	(16,210)
Community services	985,963	1,288,680	1,234,812	3,685	1,238,497	(50,183)
Community development	261,473	261,473	248,212	1,551	249,763	(11,710)
Total expenditures	<u>4,711,223</u>	<u>5,115,055</u>	<u>4,743,520</u>	<u>(7,303)</u>	<u>4,736,217</u>	<u>(378,838)</u>
Excess of revenues over expenditures	<u>(62,949)</u>	<u>(277,793)</u>	<u>509,324</u>	<u>(55,851)</u>	<u>453,473</u>	<u>731,266</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	25,000	25,000	25,000	-	25,000	-
Total other financing sources and uses	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (37,949)</u>	<u>\$ (252,793)</u>	<u>\$ 534,324</u>	<u>\$ (55,851)</u>	<u>\$ 478,473</u>	<u>\$ 731,266</u>

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The *Roadway Impact* fund is used to account for funds received from an impact fee assessed through new building permits and is used to make improvements to our roadways.

The *Homestead Amenities* fund is used to account for funds associated with a developer agreement for the Homestead subdivision. Revenues are collected based on platted lots.

The *Special Revenue* fund is used to better identify and record revenues received that have special requirements/criteria for their use and the related expenditure.

The *PEG Capital* fund is used to account for funds associated with franchise tax revenues to be used for local radio and television stations in the future.

The *Tax Increment* fund is used to account for the incremental ad valorem and sales taxes generated from the Tax Increment Reinvestment Zone and to fund infrastructure improvements within the zone.

CAPITAL PROJECTS FUNDS

The *Capital Projects* fund is used to account for improvements to infrastructure from issuance of certificates of obligation in 2008.

TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2013

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital	Tax Increment	Total Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 663,282	\$ 6,216	\$ -	\$ 15,724	\$ -	\$ 685,222	\$ -	\$ 685,222
Investments	-	-	-	-	-	-	871,381	871,381
Receivables (net of allowance for uncollectibles)	-	-	-	1,743	-	1,743	-	1,743
Due from other funds	-	-	145,041	-	-	145,041	-	145,041
Total assets	\$ 663,282	\$ 6,216	\$ 145,041	\$ 17,467	\$ -	\$ 832,006	\$ 871,381	\$ 1,703,387
LIABILITIES								
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 2,940	\$ 2,940	\$ -	\$ 2,940
Total liabilities	-	-	-	-	2,940	2,940	-	2,940
FUND BALANCE								
Restricted for:								
Community services	-	-	-	17,467	-	17,467	-	17,467
Public safety	-	-	109,568	-	-	109,568	-	109,568
Infrastructure improvements	663,282	6,216	-	-	-	669,498	871,381	1,540,879
Assigned for:								
Community services	-	-	36,560	-	-	36,560	-	36,560
Unassigned	-	-	(1,087)	-	(2,940)	(4,027)	-	(4,027)
Total fund balances	663,282	6,216	145,041	17,467	(2,940)	829,066	871,381	1,700,447
Total liabilities and fund balances	\$ 663,282	\$ 6,216	\$ 145,041	\$ 17,467	\$ -	\$ 832,006	\$ 871,381	\$ 1,703,387

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TOWN OF SUNNYVALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended September 30, 2013

	Roadway Impact	Homestead Amenities	Special Revenue	PEG Capital	Tax Increment	Total Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES								
Taxes:								
Franchise	\$ -	\$ -	\$ -	\$ 9,011	\$ -	\$ 9,011	\$ -	\$ 9,011
Fines	-	-	21,137	-	-	21,137	-	21,137
Charges for current services	8,333	-	-	-	-	8,333	-	8,333
Revenues from use of money	875	608	-	-	-	1,483	956	2,439
Contributions and donations	-	-	2,400	-	-	2,400	-	2,400
Total revenues	<u>9,208</u>	<u>608</u>	<u>23,537</u>	<u>9,011</u>	<u>-</u>	<u>42,364</u>	<u>956</u>	<u>43,320</u>
EXPENDITURES								
Current:								
45 General government	-	-	-	-	2,940	2,940	-	2,940
Public safety	-	-	24,239	-	-	24,239	-	24,239
Community services	-	678,153	-	-	-	678,153	-	678,153
Community development	1	-	-	-	-	1	-	1
Total expenditures	<u>1</u>	<u>678,153</u>	<u>24,239</u>	<u>-</u>	<u>2,940</u>	<u>705,333</u>	<u>-</u>	<u>705,333</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,207</u>	<u>(677,545)</u>	<u>(702)</u>	<u>9,011</u>	<u>(2,940)</u>	<u>(662,969)</u>	<u>956</u>	<u>(662,013)</u>
OTHER FINANCING SOURCES (USES)								
Net change in fund balances	9,207	(677,545)	(702)	9,011	(2,940)	(662,969)	956	(662,013)
Fund balances - beginning	<u>654,075</u>	<u>683,761</u>	<u>145,743</u>	<u>8,456</u>	<u>-</u>	<u>1,492,035</u>	<u>870,425</u>	<u>2,362,460</u>
Fund balances - ending	<u>\$ 663,282</u>	<u>\$ 6,216</u>	<u>\$ 145,041</u>	<u>\$ 17,467</u>	<u>\$ (2,940)</u>	<u>\$ 829,066</u>	<u>\$ 871,381</u>	<u>\$ 1,700,447</u>

Proprietary Fund

Enterprise Fund

The *Utility Operations* fund was established to account for the activities of trash collection, and water and wastewater operations. It is operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including debt) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
ENTERPRISE FUND - UTILITY OPERATIONS FUND
Year Ended September 30, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget Over (Under) Budget
	Original	Final				
Operating revenues:						
Water revenue	\$ 1,735,000	\$ 1,820,124	\$1,830,591	\$ (17,916)	\$1,812,675	\$ (7,449)
Sewer revenue	850,000	960,000	1,076,308	(14,775)	1,061,533	101,533
Garbage collection fees	238,809	238,809	248,054	(579)	247,475	8,666
Impact fees	205,000	205,000	122,711	-	122,711	(82,289)
Tap fees	23,000	23,000	12,675	-	12,675	(10,325)
Other	18,850	19,207	40,153	-	40,153	20,946
Total operating revenues	<u>3,070,659</u>	<u>3,266,140</u>	<u>3,330,492</u>	<u>(33,270)</u>	<u>3,297,222</u>	<u>31,082</u>
Operating expenses:						
Costs of sales and services	2,919,046	3,077,614	2,517,502	106,674	2,624,176	(453,438)
Depreciation	275,000	275,000	294,914	-	294,914	19,914
Total operating expenses	<u>3,194,046</u>	<u>3,352,614</u>	<u>2,812,416</u>	<u>106,674</u>	<u>2,919,090</u>	<u>(433,524)</u>
Operating income	<u>(123,387)</u>	<u>(86,474)</u>	<u>518,076</u>	<u>(139,944)</u>	<u>378,132</u>	<u>464,606</u>
Nonoperating revenue (expenses):						
Investment earnings	6,953	6,953	6,014	-	6,014	(939)
Principal, interest and fiscal charges	-	-	(86,980)	(2,851,147)	(2,938,127)	(2,938,127)
Bond issuance costs	-	-	(47,259)	-	(47,259)	(47,259)
Total nonoperating revenue (expenses)	<u>6,953</u>	<u>6,953</u>	<u>(128,225)</u>	<u>(2,851,147)</u>	<u>(2,979,372)</u>	<u>(2,986,325)</u>
Income (loss) before transfers	<u>(116,434)</u>	<u>(79,521)</u>	<u>389,851</u>	<u>(2,991,091)</u>	<u>(2,601,240)</u>	<u>(2,521,719)</u>
Capital contributions	-	-	15,000	(15,000)	-	-
Transfer in	-	-	223,200	(25,000)	198,200	198,200
Transfer out	<u>(197,400)</u>	<u>(197,400)</u>	<u>(25,000)</u>	<u>25,000</u>	<u>-</u>	<u>197,400</u>
Net change in net position after transfers	<u>(313,834)</u>	<u>(276,921)</u>	<u>603,051</u>	<u>(3,006,091)</u>	<u>(2,403,040)</u>	<u>(2,126,119)</u>
Bond proceeds	-	-	-	2,370,000	2,370,000	2,370,000
Capital expenses	<u>(4,058,821)</u>	<u>(3,908,821)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,908,821</u>
Change in net position	<u><u>\$(4,372,655)</u></u>	<u><u>\$(4,185,742)</u></u>	<u><u>\$ 603,051</u></u>	<u><u>\$ (636,091)</u></u>	<u><u>\$ (33,040)</u></u>	<u><u>\$ 4,152,702</u></u>

Component Units

The *Sunnyvale 4A Development Corporation* is responsible for collecting and disbursing the one-half of one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

The *Sunnyvale 4B Development Corporation* is responsible for collecting and disbursing the one-half on one percent sales tax to be used for economic development within the Town. The members of the Corporation's board are appointed by the Town. The Corporation is presented as a governmental fund type and has a September 30 year-end.

TOWN OF SUNNYVALE, TEXAS
COMBINING BALANCE SHEET
COMPONENT UNITS
September 30, 2013

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
ASSETS			
Investments	\$ 744,710	\$ -	\$ 744,710
Due from primary government	1,512,921	1,548,923	3,061,844
Total assets	\$ 2,257,631	\$ 1,548,923	\$ 3,806,554
LIABILITIES			
Accounts payable and other current liabilities	\$ 1,451	\$ -	\$ 1,451
Total liabilities	1,451	-	1,451
FUND BALANCES			
Assigned for:			
Infrastructure improvements	1,088,700	-	1,088,700
Unassigned	1,167,480	1,548,923	2,716,403
Total fund balances	2,256,180	1,548,923	3,805,103
Total liabilities and fund balances	2,257,631	1,548,923	3,806,554
 Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	7,005	-	7,005
Net position of governmental activities	\$ 2,263,185	\$ 1,548,923	\$ 3,812,108

TOWN OF SUNNYVALE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
COMPONENT UNITS
Year Ended September 30, 2013

	Sunnyvale 4A Development Corporation	Sunnyvale 4B Development Corporation	Total Component Units
REVENUES			
Taxes:			
Sales	\$ 586,143	\$ 586,143	\$ 1,172,286
Revenues from use of money	1,623	1,039	2,662
Total revenues	587,766	587,182	1,174,948
EXPENDITURES			
Current:			
Community development	644,446	337,289	981,735
Total expenditures	644,446	337,289	981,735
Net change in fund balances	(56,680)	249,893	193,213
Fund balances - beginning	2,312,860	1,299,030	3,611,890
Fund balances - ending	2,256,180	1,548,923	3,805,103
Amounts reported for governmental activities in the statement of activities (page 12) are different because:			
Net change in fund balance	(56,680)	249,893	193,213
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.	8,577	-	8,577
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(1,572)	-	(1,572)
Change in net position of governmental activities (page 12)	\$ (49,675)	\$ 249,893	\$ 200,218

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUNNYVALE 4A DEVELOPMENT CORPORATION
Year Ended September 30, 2013

	Budget Amounts		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
	Original	Final				
REVENUES						
Taxes:						
Sales	\$ 417,500	\$ 525,000	\$ 586,143	\$ (21,023)	\$ 565,120	\$ 40,120
Revenues from use of money	5,000	5,000	1,623	-	1,623	(3,377)
Total revenues	<u>422,500</u>	<u>530,000</u>	<u>587,766</u>	<u>(21,023)</u>	<u>566,743</u>	<u>36,743</u>
EXPENDITURES						
Current:						
Community development	655,130	655,130	644,446	-	644,446	(10,684)
Total expenditures	<u>655,130</u>	<u>655,130</u>	<u>644,446</u>	<u>-</u>	<u>644,446</u>	<u>(10,684)</u>
Net change in fund balance	<u>\$(232,630)</u>	<u>\$(125,130)</u>	<u>\$ (56,680)</u>	<u>\$ (21,023)</u>	<u>\$ (77,703)</u>	<u>\$ 47,427</u>

TOWN OF SUNNYVALE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SUNNYVALE 4B DEVELOPMENT CORPORATION
Year Ended September 30, 2013

	Budget Amounts		Actual	Adjustments Budget Basis	Actual Budget Basis	Variance with Final Budget - Over (Under) Budget
	Original	Final				
REVENUES						
Taxes:						
Sales	\$ 417,500	\$ 525,000	\$ 586,143	\$ (21,023)	\$ 565,120	\$ 40,120
Revenues from use of money	2,000	2,000	1,039	-	1,039	(961)
Total revenues	<u>419,500</u>	<u>527,000</u>	<u>587,182</u>	<u>(21,023)</u>	<u>566,159</u>	<u>39,159</u>
EXPENDITURES						
Current:						
Community development	898,200	898,200	337,289	-	337,289	(560,911)
Total expenditures	<u>898,200</u>	<u>898,200</u>	<u>337,289</u>	<u>-</u>	<u>337,289</u>	<u>(560,911)</u>
Net change in fund balance	<u>\$(478,700)</u>	<u>\$(371,200)</u>	<u>\$ 249,893</u>	<u>\$ (21,023)</u>	<u>\$ 228,870</u>	<u>\$ 600,070</u>