

City of Bee Cave, Texas

**Independent Auditors' Report
and Financial Statements**

**For the Year Ended
September 30, 2009**

Singleton, Moore & Company, LLP
Certified Public Accountants

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City of Bee Cave, Texas

INDEPENDENT AUDITORS' REPORT
and FINANCIAL STATEMENTS

FOR THE YEAR ENDED
September 30, 2009

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Independent Auditors' Report

Honorable Mayor and City Council Members
City of Bee Cave, Texas
4000 Galleria Pkwy.
Bee Cave, Texas 78738

Honorable Mayor and City Council Members:

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bee Cave, Texas, (the "City") as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bee Cave, Texas, as of September 30, 2009, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3-8 of this report is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Although the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, they have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Singleton, Moore & Company, LLP

Singleton, Moore & Company, LLP
Cedar Park, Texas

February 10, 2010

CITY OF BEE CAVE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Bee Cave, Texas's annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended September 30, 2009. Please read it in conjunction with the City of Bee Cave, Texas's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended September 30, 2009 the General Fund of the City of Bee Cave, Texas experienced a fund balance decrease of \$244,119 to end at \$3,108,588.
- Total governmental-type funds (the General Fund plus all Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund) of the City of Bee Cave reported an overall fund balance decrease of \$3,171,401 to end at \$5,732,434.
- The total cost of the City of Bee Cave, Texas's activities was \$4,433,061. This amount is inclusive of depreciation expense recorded on the capital assets of the City.

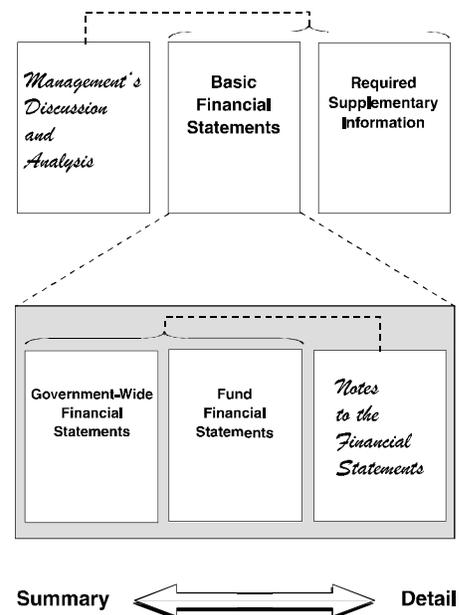
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two types of statements that present different views of the City of Bee Cave, Texas:

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

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

Figure A-1. Required Components of the City's Annual Financial



Government-Wide Statements

The government-wide statements report information about the City of Bee Cave, Texas as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City of Bee Cave, Texas's net assets and how they have changed. Net assets - the difference between the City of Bee Cave, Texas's assets and liabilities - is one way to measure the City of Bee Cave, Texas's financial health or position. Over time, increases or decreases in the City of Bee Cave, Texas's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City of Bee Cave, Texas include the *governmental activities*. Most of the City of Bee Cave, Texas's basic services are included here, such as building inspection and development, code enforcement, public safety, municipal court and general administration. Sales and property taxes finance most of these activities.

FINANCIAL ANALYSIS OF THE CITY OF BEE CAVE TEXAS AS A WHOLE

Our analysis here focuses on the net assets (Table I) and changes in net assets (Table II) of the City's governmental activities.

Table I
Net Assets
(in thousands of dollars)

| | Governmental Activities | | |
|---|--------------------------------|------------------|---------------|
| | 2009 | 2008 | Change |
| Assets | | | |
| Current and Other Assets | \$ 6,872 | \$ 10,684 | \$ (3,812) |
| Capital Assets | 31,218 | 27,994 | 3,224 |
| Total Assets | <u>38,089</u> | <u>38,678</u> | <u>(588)</u> |
| Liabilities | | | |
| Current Liabilities | 1,167 | 1,799 | (631) |
| Long-term Liabilities | <u>4,336</u> | <u>4,671</u> | <u>(336)</u> |
| Total Liabilities | <u>5,503</u> | <u>6,470</u> | <u>(967)</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Debt | 26,882 | 23,322 | 3,560 |
| Restricted | 2,304 | 5,775 | (3,470) |
| Unrestricted | <u>3,400</u> | <u>3,111</u> | <u>289</u> |
| Total Net Assets | <u>\$ 32,586</u> | <u>\$ 32,208</u> | <u>\$ 379</u> |

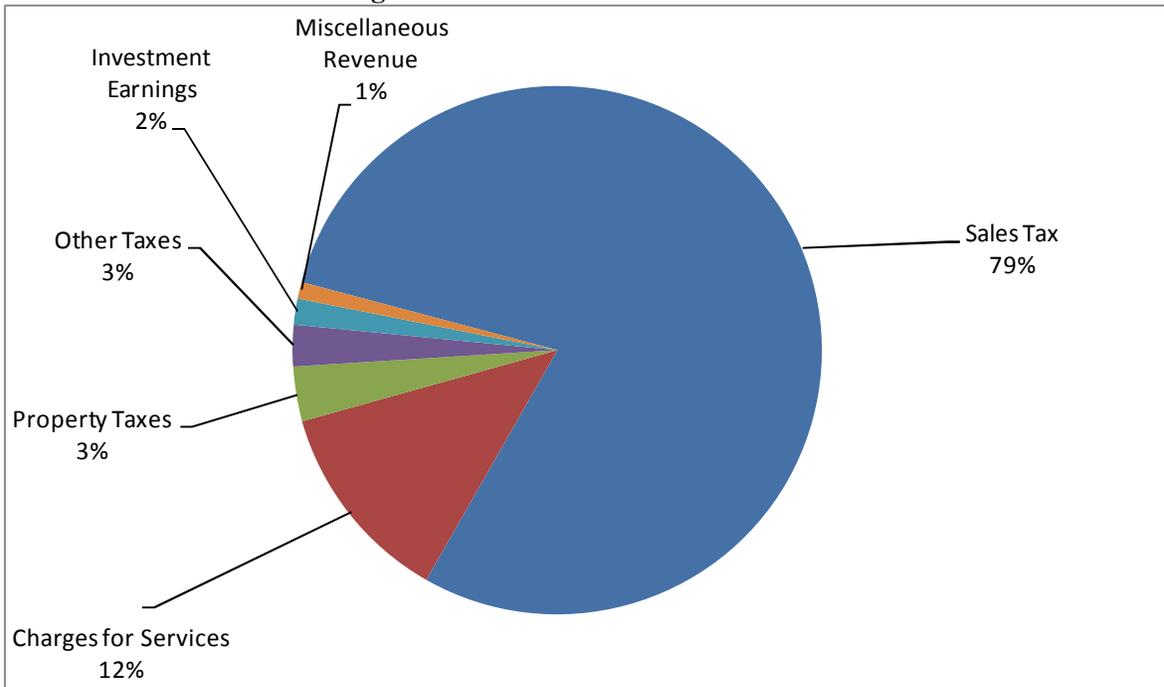
Table II
Changes in Net Assets
(in thousands of dollars)

| | Governmental Activities | | |
|-----------------------------|--------------------------------|------------------|----------------|
| | 2009 | 2008 | Change |
| Revenues | | | |
| Program Revenues: | | | |
| Charges for services | \$ 598 | \$ 1,047 | \$ (448) |
| General Revenues: | | | |
| Sales tax | 3,805 | 5,015 | (1,210) |
| Property tax | 161 | 124 | 37 |
| Grants and contributions | 1 | 2,764 | (2,763) |
| Investment earnings | 76 | 284 | (208) |
| Other | <u>171</u> | <u>46</u> | <u>124</u> |
| Total Revenues | <u>4,812</u> | <u>9,280</u> | <u>(4,468)</u> |
| Expenses | | | |
| General government | 1,343 | 1,463 | (119) |
| Public safety | 1,607 | 1,581 | 26 |
| Community services | 692 | 1,645 | (953) |
| Health | 5 | - | 5 |
| Parks and recreation | 618 | 617 | 1 |
| Interest payments | 167 | 104 | 63 |
| Debt issuance costs | <u>2</u> | <u>5</u> | <u>(3)</u> |
| Total Expenses | <u>4,433</u> | <u>5,414</u> | <u>(981)</u> |
| Change in Net Assets | <u>379</u> | <u>3,867</u> | <u>(3,488)</u> |
| Beginning Net Assets | <u>32,207</u> | <u>28,340</u> | <u>3,867</u> |
| Ending Net Assets | <u>\$ 32,586</u> | <u>\$ 32,207</u> | <u>\$ 379</u> |

Governmental Activities

As indicated by the chart on the following page, the City of Bee Cave, Texas's primary revenue source is sales taxes, representing approximately 79% of the total revenue for FY 2008-2009. Other significant revenues were derived from Charges for Services such as Building & Development Fees, Inspections, and Contractor Registrations.

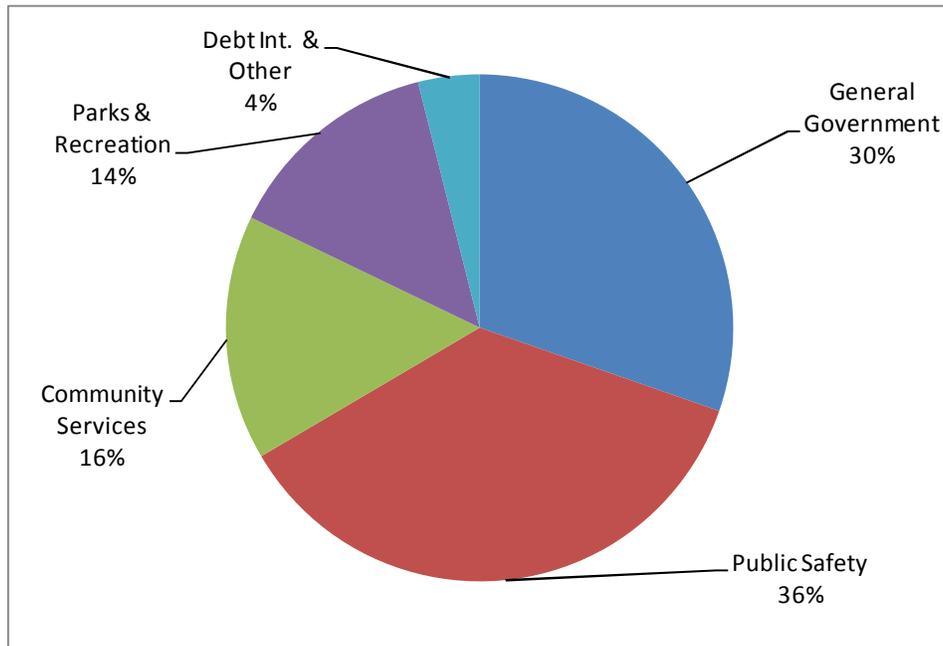
FY 2008-2009 Revenue Percentages



Departmental Expenditures

The City of Bee Cave, Texas's various departmental expenditures totaled \$4.4 million for the year ended September 30, 2009. The percentage distribution by department is illustrated in the table below.

FY 2008-2009 Expenditures



CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year end, the City of Bee Cave, Texas had invested approximately \$28 million in a broad range of capital assets, including land, infrastructure, buildings, and equipment (see table below). This amount is net of accumulated depreciation and represents an increase of \$3.4 million over the prior year. Given the organizational growth on our immediate horizon, we will continue to see a increases in capital assets.

Table III
City of Bee Cave, Texas
Summary of Capital Assets

| | Governmental Activities 2009 | Governmental Activities 2008 | Change |
|-------------------------------------|------------------------------------|------------------------------------|---------------------|
| Land | \$ 11,261,928 | \$ 10,552,044 | \$ 709,884 |
| Infrastructure | 7,404,609 | 9,190,174 | (1,785,565) |
| Buildings and improvements | 9,190,174 | 1,046,445 | 8,143,729 |
| Machinery and equipment | 942,948 | 861,366 | 81,582 |
| Construction in Progress | 4,134,183 | 7,472,001 | (3,337,818) |
| Totals at historical cost | <u>32,933,842</u> | <u>29,122,030</u> | <u>3,811,812</u> |
| Less accumulated depreciation | <u>(1,716,158)</u> | <u>(1,128,310)</u> | <u>(587,848)</u> |
| Capital assets, net of depreciation | <u>\$ 31,217,684</u> | <u>\$ 27,993,720</u> | <u>\$ 3,223,964</u> |

Long Term Debt

City of Bee Cave, Texas
Summary of Long-Term Debt

| | Governmental Activities 2009 | Governmental Activities 2008 | Change |
|-----------------------|------------------------------------|------------------------------------|---------------------|
| Bonds Payable | \$ 10,075,000 | \$ 10,500,000 | \$ (425,000) |
| Maintenance Tax Notes | - | 100,000 | (100,000) |
| Capital Leases | 65,525 | 71,295 | (5,770) |
| Totals | <u>\$ 10,140,525</u> | <u>\$ 10,671,295</u> | <u>\$ (530,770)</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bee Cave, like every other small municipality took decisive measures to stretch revenue dollars in FY 2008-09. We have applied the same cautious, conservative approach to the next FY budget planning in response to a nationwide recession. Unlike other municipalities, the Bee Cave City Council, through sound fiscal policy is keeping property taxes as low as any in Texas and asking all City departments to conduct operations in a lean, efficient manner without adversely impacting service provided to public customers.

CONTACTING THE CITY OF BEE CAVE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City of Bee Cave, Texas's finances and to demonstrate the City of Bee Cave, Texas's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Bee Cave, Texas's Assistant Administrator, Travis Askey @ 512-767-6612. Please also visit the City of Bee Cave, Texas's website at www.beecavetexas.com.

GOVERNMENT-WIDE STATEMENTS

CITY OF BEE CAVE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

EXHIBIT A-1

| | Primary Government | Component Unit 4B |
|---|----------------------------|------------------------------|
| | Governmental Activities | Economic Dev. Corporation |
| ASSETS | | |
| Cash and Cash Equivalents | \$ 336,781 | \$ 1,080,795 |
| Investments - Current | 6,036,629 | 855,226 |
| Receivables (net of allowance for uncollectibles) | 375,123 | 53,063 |
| Internal Balances | - | - |
| Due from Component Unit | 101,406 | - |
| Due from Primary Government | - | 78,946 |
| Prepaid Items | 36 | 247,788 |
| Capitalized Debt Issuance Costs | 21,667 | 56,349 |
| Capital Assets: | | |
| Land | 11,261,928 | - |
| Infrastructure, net | 8,500,912 | 5,131,245 |
| Buildings, net | 7,032,586 | - |
| Machinery and Equipment, net | 288,075 | - |
| Construction in Progress | 4,134,183 | - |
| Total Assets | 38,089,326 | 7,503,412 |
| LIABILITIES | | |
| Accounts Payable | 464,171 | 7,574 |
| Intergovernmental Payable | 63,053 | 172,497 |
| Due to Component Unit | 78,946 | - |
| Due to Primary Government | - | 101,406 |
| Accrued Interest Payable | 16,571 | 21,312 |
| Other Current Liabilities | 544,663 | - |
| Noncurrent Liabilities | | |
| Due Within One Year | 268,928 | 200,000 |
| Due in More Than One Year | 4,066,597 | 5,605,000 |
| Total Liabilities | 5,502,929 | 6,107,789 |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 26,882,159 | - |
| Restricted for: | | |
| Restricted for Debt Service | 499 | - |
| Restricted for Road Maintenance | 2,516,096 | - |
| Restricted for Capital Projects | (400,867) | - |
| Restricted for Beautification | 188,611 | - |
| Restricted for Economic Development | - | 1,395,623 |
| Unrestricted Net Assets | 3,399,898 | - |
| Total Net Assets | \$ 32,586,396 | \$ 1,395,623 |

The notes to the Financial Statements are an integral part of this statement.

CITY OF BEE CAVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

| | <u>Expenses</u> | <u>Program Revenues</u> |
|----------------------------|-----------------|-------------------------|
| | | Charges for Services |
| Primary Government: | | |
| GOVERNMENTAL ACTIVITIES: | | |
| General Government | \$ 1,343,247 | \$ 76,237 |
| Public Safety | 1,606,685 | 148,893 |
| Community Services | 692,131 | 373,280 |
| Health | 4,735 | - |
| Culture and Recreation | 617,602 | (259) |
| Bond Interest | 166,994 | - |
| Issuance Costs | 1,667 | - |
| Capital Outlay | - | - |
| TOTAL PRIMARY GOVERNMENT: | \$ 4,433,061 | \$ 598,151 |
| Component Unit: | | |
| 4B Economic Development | \$ 274,941 | \$ - |
| TOTAL COMPONENT UNIT: | \$ 274,941 | \$ - |

General Revenues:

Taxes:

- Property Taxes, Levied for Debt Service
- Sales Taxes
- Less: Obligations Under 380 Sales Tax Agreements
- Selective Sales and Use Tax for Mixed Beverages
- Franchise Taxes
- Other Taxes
- Penalty and Interest
- Grants and Contributions Not Restricted
- Miscellaneous Revenue
- Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

| Net (Expense) Revenue and Changes in Net Assets | |
|--|------------------------------------|
| <u>Primary Government</u> | <u>Component Unit</u> |
| Governmental Activities | 4B Economic Dev. Corporation |
| \$ (1,267,010) | \$ - |
| (1,457,792) | - |
| (318,851) | - |
| (4,735) | - |
| (617,861) | - |
| (166,994) | - |
| (1,667) | - |
| - | - |
| <u>(3,834,910)</u> | <u>-</u> |
| - | (274,941) |
| <u>-</u> | <u>(274,941)</u> |
| 160,600 | - |
| 4,779,990 | 682,856 |
| (1,019,773) | - |
| 44,611 | - |
| 97,740 | - |
| 24,264 | - |
| 172 | - |
| 1,300 | - |
| 48,586 | 247,788 |
| 76,382 | 19,868 |
| <u>4,213,872</u> | <u>950,512</u> |
| 378,962 | 675,571 |
| 32,207,434 | 720,052 |
| <u>\$ 32,586,396</u> | <u>\$ 1,395,623</u> |

FUND BASIS STATEMENTS

CITY OF BEE CAVE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2009

| | General Fund | Road Maintenance Fund | Capital Projects Fund |
|--|---------------------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ (159,406) | \$ 691,674 | \$ (107,357) |
| Investments - Current | 6,036,629 | - | - |
| Taxes Receivable | 2,380 | - | - |
| Allowance for Uncollectible Taxes (credit) | (119) | - | - |
| Receivables (Net) | 318,379 | 53,063 | - |
| Due from Other Funds | 181,186 | 1,771,359 | - |
| Due from Component Unit | - | - | 101,406 |
| Prepaid Items | - | - | 36 |
| Total Assets | <u>\$ 6,379,049</u> | <u>\$ 2,516,096</u> | <u>\$ (5,915)</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 58,968 | \$ - | \$ 1,650 |
| Wages and Salaries Payable | 119,185 | - | - |
| Retainage Payable | - | - | 202,616 |
| Intergovernmental Payable | - | - | - |
| Due to Other Funds | 2,574,077 | - | 190,686 |
| Deferred Revenues | 2,261 | - | - |
| Other Current Liabilities | 515,970 | - | - |
| Total Liabilities | <u>3,270,461</u> | <u>-</u> | <u>394,952</u> |
| Fund Balances: | | | |
| Reserved For: | | | |
| Debt Service | - | - | - |
| Road Maintenance | - | 2,516,096 | - |
| Capital Projects | - | - | (400,867) |
| Beautification | 188,611 | - | - |
| Unreserved Designated For: | | | |
| Economic Development | - | - | - |
| Municipal Court | - | - | - |
| Contingencies | 35,000 | - | - |
| Unreserved and Undesignated: | | | |
| Reported in the General Fund | 2,884,977 | - | - |
| Total Fund Balances | <u>3,108,588</u> | <u>2,516,096</u> | <u>(400,867)</u> |
| Total Liabilities and Fund Balances | <u>\$ 6,379,049</u> | <u>\$ 2,516,096</u> | <u>\$ (5,915)</u> |

The notes to the Financial Statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|-------------------|--------------------------------|
| \$ (88,130) | \$ 336,781 |
| - | 6,036,629 |
| 1,495 | 3,875 |
| (75) | (194) |
| - | 371,442 |
| 733,272 | 2,685,817 |
| - | 101,406 |
| - | 36 |
| <u>\$ 646,562</u> | <u>\$ 9,535,792</u> |
| | |
| \$ 41,195 | \$ 101,813 |
| 3,584 | 122,769 |
| - | 202,616 |
| 63,053 | 63,053 |
| - | 2,764,763 |
| 1,420 | 3,681 |
| 28,693 | 544,663 |
| <u>137,945</u> | <u>3,803,358</u> |
| | |
| 499 | 499 |
| - | 2,516,096 |
| - | (400,867) |
| - | 188,611 |
| 230,169 | 230,169 |
| 277,949 | 277,949 |
| - | 35,000 |
| - | 2,884,977 |
| <u>508,617</u> | <u>5,732,434</u> |
| | |
| <u>\$ 646,562</u> | <u>\$ 9,535,792</u> |

CITY OF BEE CAVE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2009

| | | |
|---|----|------------|
| Total Fund Balances - Governmental Funds | \$ | 5,732,434 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$29,122,029 and the accumulated depreciation was \$1,128,310. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets. | | 23,322,424 |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase (decrease) net assets. | | 4,132,276 |
| The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. | | (587,848) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets. | | (12,890) |
| Net Assets of Governmental Activities | \$ | 32,586,396 |

The notes to the Financial Statements are an integral part of this statement.

CITY OF BEE CAVE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

| | General Fund | Road Maintenance Fund | Capital Projects Fund |
|--|---------------------|-----------------------------|-----------------------------|
| REVENUES: | | | |
| Taxes: | | | |
| Property Taxes | \$ - | \$ - | \$ - |
| General Sales and Use Taxes | 4,097,134 | 682,856 | - |
| Less: Obligations Under 380 Sales Tax Agreements | (1,019,773) | - | - |
| Selective Sales and Use Tax for Mixed Beverages | 44,611 | - | - |
| Franchise Tax | 97,740 | - | - |
| Hotel Occupancy | 24,264 | - | - |
| Penalty and Interest on Taxes | - | - | - |
| Licenses and Permits | 258,406 | - | - |
| Charges for Services | 114,616 | - | - |
| Fines | - | - | - |
| Investment Earnings | 70,099 | - | 6,283 |
| Contributions & Donations from Private Sources | 1,300 | - | - |
| Other Revenue | 47,500 | - | - |
| Total Revenues | <u>3,735,897</u> | <u>682,856</u> | <u>6,283</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | 1,066,161 | 3,289 | - |
| Public Safety | 1,537,688 | - | - |
| Community Services | 481,087 | - | - |
| Health | 4,242 | - | - |
| Culture and Recreation | 553,192 | - | - |
| Debt Service: | | | |
| Debt Principal | - | - | - |
| Debt Interest | - | - | - |
| Capital Outlay: | | | |
| Capital Outlay | 9,350 | - | 3,722,180 |
| Total Expenditures | <u>3,651,720</u> | <u>3,289</u> | <u>3,722,180</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>84,177</u> | <u>679,567</u> | <u>(3,715,897)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds from Capital Leases | 22,704 | - | - |
| Transfers In | - | - | - |
| Transfers Out (Use) | (351,000) | - | - |
| Total Other Financing Sources (Uses) | <u>(328,296)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (244,119) | 679,567 | (3,715,897) |
| Fund Balance - October 1 (Beginning) | <u>3,352,707</u> | <u>1,836,529</u> | <u>3,315,030</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 3,108,588</u> | <u>\$ 2,516,096</u> | <u>\$ (400,867)</u> |

The notes to the Financial Statements are an integral part of this statement.

| Other Funds | Total Governmental Funds |
|----------------|--------------------------------|
| \$ 160,407 | \$ 160,407 |
| - | 4,779,990 |
| - | (1,019,773) |
| - | 44,611 |
| - | 97,740 |
| - | 24,264 |
| 172 | 172 |
| - | 258,406 |
| 76,237 | 190,853 |
| 148,893 | 148,893 |
| - | 76,382 |
| - | 1,300 |
| 1,085 | 48,585 |
| 386,794 | 4,811,830 |
| 130,393 | 1,199,843 |
| - | 1,537,688 |
| - | 481,087 |
| - | 4,242 |
| - | 553,192 |
| 330,000 | 330,000 |
| 168,353 | 168,353 |
| - | 3,731,530 |
| 628,746 | 8,005,935 |
| (241,952) | (3,194,105) |
| - | 22,704 |
| 351,000 | 351,000 |
| - | (351,000) |
| 351,000 | 22,704 |
| 109,048 | (3,171,401) |
| 399,569 | 8,903,835 |
| \$ 508,617 | \$ 5,732,434 |

CITY OF BEE CAVE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

| | | |
|---|-----------|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | (3,171,401) |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase (decrease) net assets. | | 4,136,659 |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets. | | (587,848) |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets. | | 1,552 |
| Change in Net Assets of Governmental Activities | \$ | 378,962 |

The notes to the Financial Statements are an integral part of this statement.

CITY OF BEE CAVE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009

EXHIBIT C-5

| | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |
|---|---------------------|---------------------|--------------------------------|--|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property Taxes | \$ 150,000 | \$ 158,000 | \$ - | \$ (158,000) |
| General Sales and Use Taxes | 3,350,000 | 4,110,750 | 4,097,134 | (13,616) |
| Less: Obligations Under 380 Sales Tax Agreements | - | (1,395,765) | (1,019,773) | 375,992 |
| Selective Sales and Use Tax for Mixed Beverages | 40,000 | 45,000 | 44,611 | (389) |
| Franchise Tax | 50,000 | 53,806 | 97,740 | 43,934 |
| Hotel Occupancy | - | - | 24,264 | 24,264 |
| Licenses and Permits | 600,000 | 300,000 | 258,406 | (41,594) |
| Charges for Services | 15,100 | 6,014 | 114,616 | 108,602 |
| Investment Earnings | 275,000 | 100,000 | 70,099 | (29,901) |
| Contributions & Donations from Private Sources | - | - | 1,300 | 1,300 |
| Other Revenue | 15,000 | 1,225 | 47,500 | 46,275 |
| Total Revenues | <u>4,495,100</u> | <u>3,379,030</u> | <u>3,735,897</u> | <u>356,867</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative | 56,351 | 56,068 | 63,736 | (7,668) |
| Elections | - | - | 963 | (963) |
| Financial Administration | 1,045,850 | 1,024,393 | 1,001,462 | 22,931 |
| Public Safety: | | | | |
| Police | 1,749,108 | 1,531,615 | 1,537,688 | (6,073) |
| Community Services | 500,778 | 447,379 | 481,087 | (33,708) |
| Health | - | - | 4,242 | (4,242) |
| Culture and Recreation: | | | | |
| Parks | 243,955 | 231,558 | 206,899 | 24,659 |
| Libraries | 412,400 | 318,445 | 346,293 | (27,848) |
| Economic Development - 380 Agreement | 982,375 | - | - | - |
| Debt Service: | | | | |
| Debt Principal | 498,470 | 498,470 | - | 498,470 |
| Capital Outlay: | | | | |
| Capital Outlay | - | (31,193) | 9,350 | (40,543) |
| Total Expenditures | <u>5,489,287</u> | <u>4,076,735</u> | <u>3,651,720</u> | <u>425,015</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(994,187)</u> | <u>(697,705)</u> | <u>84,177</u> | <u>781,882</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Capital Leases | - | - | 22,704 | 22,704 |
| Transfers Out (Use) | - | - | (351,000) | (351,000) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>(328,296)</u> | <u>(328,296)</u> |
| Net Change in Fund Balances | (994,187) | (697,705) | (244,119) | 453,586 |
| Fund Balance - October 1 (Beginning) | <u>3,352,707</u> | <u>3,352,707</u> | <u>3,352,707</u> | <u>-</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 2,358,520</u> | <u>\$ 2,655,002</u> | <u>\$ 3,108,588</u> | <u>\$ 453,586</u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Bee Cave, Texas (the “City”) is a municipal corporation incorporated as a Type-A General Law government. The City operates under a Mayor and City Council (“Council”) form of government and provides such services as are authorized by the Texas Local Government Code to advance the welfare, health, morals, comfort, safety and convenience of the City and its inhabitants. The City prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas’s uniform accounting requirements and the requirements of contracts and grants of agencies from which it receives funds.

The Mayor and City Council are elected by the public and they have the authority to make decisions, appoint administrators and managers, and significantly influence operations. They also have the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by the Governmental Accounting Standards Board (“GASB”) in its Statement No. 14, “The Financial Reporting Entity.” In addition, component units which may be included are organizations for which the nature and the significance of their operational or financial relationship with the City is such that the exclusion would cause the City’s financial statements to be misleading or incomplete.

Based upon the foregoing criteria, the following entity has been included in this report:

4B Economic Community Development Corporation (EDC) – Although the EDC is reported as if it were part of the primary government and the City serves in an administrative capacity for the EDC, the EDC is a separate legal entity established to provide services almost exclusively for the benefit of the primary government. The EDC is authorized to act on behalf of the City in order to encourage the promotion and development of community, commercial, industrial, and manufacturing enterprises within the area. The EDC is funded primarily through a ¼ cent sales tax approved by the voters of the City. EDC financial statements are presented on the full accrual basis of accounting. Copies of their financial information may be obtained by contacting the City of Bee Cave, Texas, 4000 Galleria Pkwy., Bee Cave, Texas 78738. The EDC is discretely presented as a component unit. It is reported in a separate column to emphasize that it is legally separate from the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the City of Bee Cave, Texas and 4B Developmental Fund activities with the interfund activities removed. Governmental activities include programs supported primarily by taxes and permit, licenses and donations.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The Statement of Activities demonstrates how other people or entities that participate in programs have shared in the payment of the direct costs. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the City. The “grants and contributions” columns include amounts paid by organizations outside the City to help meet the operational or capital requirements of a given function. If a revenue is not a program revenue, it is a general revenue used to support all of the City’s functions. Taxes are always general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide statements. The fund statements provide reports on the financial condition and results of operations for governmental funds. The City considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for the unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property and sales tax revenues are recognized when both measurable and available. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings and investments) are recorded as revenues when received in cash, because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

D. FUND ACCOUNTING

Basis of Accounting

The accounts of the City are organized on the basis of funds or account groups, each of which is considered to be a separate fiscal and accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts recording cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. They are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The City reports the following major governmental funds:

1. **General Fund** – The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Road Maintenance Fund** – The City accounts for resources which are restricted for the purpose of road maintenance expenditures in the Road Maintenance Fund.
3. **Capital Projects Fund** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the City reports the following non-major fund types:

Governmental Funds:

1. **Special Revenue Funds** – The City accounts for resources restricted to, or designated for, specific purposes by the City or outside grantors in a special revenue fund in order to have more transparent accountability.
2. **Debt Service Fund** - The City accounts for resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds in a debt service fund.

E. ACCRUED ABSENCES

The City has recorded the value of earned but unused compensated absences (vacation) by employees as an accrued liability in Statement of Net Assets. The annual budgets of the operating funds provide funding for these benefits as they become payable and costs are expensed as the liability is liquidated. There was a balance of \$36,974 in accrued compensated absences at September 30, 2009.

F. PROPERTY TAX

Property taxes are considered available when collected within the current period or expected to be soon enough thereafter to be used to pay liabilities of the current period. The City levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2009, upon which the levy for the 2008-2009 fiscal year was based, was \$818,296,250. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2009, to finance General Fund operations and Interest and Sinking requirements were \$0.00 and \$0.02, respectively, per \$100 valuation. Total tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2009, were 98.4% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. The City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

G. FIXED ASSETS

Fixed assets, which include land, buildings and improvements, furniture and equipment, and infrastructure, are reported in the government-wide financial statements. Fixed assets are recorded at cost where historical records are available and at estimated original cost where no historical records exist. Furniture and equipment purchased in excess of \$1,000 that has a useful life of one year or more are capitalized. Buildings and improvements and infrastructure are capitalized if the cost is in excess of \$5,000. The cost of normal maintenance and repairs that do not add to the value of the assets lives are not capitalized.

Major capital outlay for fixed assets and improvements are capitalized as projects are constructed. For debt-financed fixed assets, interest incurred during the construction phase is reflected in the capitalization value of the asset constructed, net of interest earned on the invested proceeds over the same period. Fixed assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Contributed capital assets are valued at their estimated fair market value at the date of contribution.

Fixed assets used in operations are depreciated over their estimated useful lives using the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet. The range of lives used for depreciation purposes for each fixed assets class is as follows:

| | |
|---|-------------|
| Buildings and improvements | 40 years |
| Furniture and fixtures | 7-10 years |
| Computers and equipment | 3-5 years |
| Vehicles | 3-5 years |
| Infrastructure (streets, sidewalks, etc.) | 10-40 years |

H. ESTIMATES

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGET

The City Council follows these procedures in establishing the budgets reflected in the financial statements. Thirty to sixty days prior to the beginning of each fiscal year, the City Administrator submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operation budget includes proposed expenditures and the means of financing them. Public hearings are conducted at which all interested persons' comments concerning the budget are heard. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. Any revisions that alter the budget appropriations of any fund must be approved by the City Council. The level of control (level at which expenditures may not exceed budget) is the function, or department, level. Appropriations lapse at year-end and do not carry forward to future periods.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The funds of the City must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the City’s agent bank in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

At September 30, 2009, the carrying amount of the City’s deposits (cash, certificates of deposit, money market, and interest-bearing savings accounts included in temporary investments) was \$2,272,800 and the bank balance was \$2,383,977.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies. The City’s investments were in temporary investment pools at September 30, 2009 which are included in the Investments-Current line on the combined balance sheet, are as follows:

| Investment | Carrying Amount | Fair Value |
|------------|--------------------|---------------|
| Logic | \$ 1,163,342 | \$ 1,163,342 |
| MBIA | 1,427,198 | 1,427,198 |
| TexPool | 1,698,138 | 1,698,138 |
| TexStar | 1,747,950 | 1,747,950 |
| | \$ 6,036,629 | \$ 6,036,629 |

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

The City's investments in pools are reported at an amount determined by their fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC and TexPool are not SEC registered. TexPool regulatory oversight is provided by the Texas State Comptroller's office. TexPool, MBIA, and LOGIC operate under the guidelines of the Texas Public Funds Investment Act. The fair value of the position in these pools is the same as the value of pool shares.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investments Act**, the City has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: This is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2009 were covered by depository insurance or by pledged collateral held by the City's agent bank in the City's name.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, investment policies of the City's investment pools allow the portfolio's investment manager to only invest in obligations of the U.S. Government, its agencies; repurchase agreements; and no-load AAA money market mutual funds registered with the SEC. As of September 30, 2009, TexPool's investments credit quality rating was AAAM (Standard & Poor's). LOGIC's investments had a rating of AAAM (Standard & Poor's), and the MBIA Texas CLASS was rated AAAM by Standard & Poor's.

B. DELIQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

C. INTERFUND BALANCES AND TRANSFERS

Short-term advances between funds are recorded as receivables (Due From's) and payables (Due To's) between the funds involved in the transaction. As of September 30, 2009, the Due From and Due To balances were as follows:

| | <u>Due From</u> | <u>Due To</u> |
|------------------------------|---------------------|---------------------|
| General Fund | | |
| Debt Service | \$ - | \$ 508,794 |
| Road Maintenance | - | 1,771,359 |
| Economic Dev. 4B Fund | - | 78,946 |
| Municipal Court Fund | - | 214,978 |
| Capital Projects Fund | 181,186 | - |
| Total General Fund | <u>181,186</u> | <u>2,574,077</u> |
| Municipal Court Fund | | |
| General Fund | 214,978 | - |
| Total Municipal Court Fund | <u>214,978</u> | <u>-</u> |
| Road Maintenance Fund | | |
| Due from General Fund | 1,771,359 | - |
| Total Road Maintenance Fund | <u>1,771,359</u> | <u>-</u> |
| Debt Service Fund | | |
| General Fund | 508,794 | - |
| Total Debt Service Fund | <u>508,794</u> | <u>-</u> |
| Capital Projects Fund | | |
| General Fund | - | 181,186 |
| Debt Service | 9,500 | 9,500 |
| 4B Fund | 101,406 | - |
| Total Capital Projects Fund | <u>110,906</u> | <u>190,686</u> |
| Economic Development 4B Fund | | |
| Capital Projects Fund | - | 101,406 |
| General Fund | 78,946 | - |
| Total Economic Dev. 4B Fund | <u>78,946</u> | <u>101,406</u> |
| Grand Totals | <u>\$ 2,866,169</u> | <u>\$ 2,866,169</u> |

Operating transfers are transactions of cash or other assets between funds that are intended to be permanent and not repaid. During the year the General Fund transferred \$351,000 to the Debt Service Fund to assist in repayment of long-term debt obligations.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

D. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2009, were as follows:

| | <u>Property Taxes (net)</u> | <u>Sales Tax</u> | <u>Due From Other Funds</u> | <u>Due From Component Unit</u> | <u>Prepaid Items</u> | <u>Total</u> |
|-------------------------------|---------------------------------|----------------------|---------------------------------|--|--------------------------|---------------------|
| Governmental Activities: | | | | | | |
| General Fund | \$ 2,261 | \$ 318,379 | \$ 181,186 | \$ - | \$ - | \$ 501,826 |
| Road Maintenance Fund | - | 53,063 | 2,453,776 | - | - | 2,506,839 |
| Capital Projects Fund | - | - | - | 101,406 | 36 | 101,442 |
| Non-Major Governmental Funds | <u>1,420</u> | <u>-</u> | <u>382,272</u> | <u>-</u> | <u>-</u> | <u>383,692</u> |
| Total Governmental Activities | <u>\$ 3,681</u> | <u>\$ 371,442</u> | <u>\$ 3,017,234</u> | <u>\$ 101,406</u> | <u>\$ 36</u> | <u>\$ 3,493,799</u> |

Payables at September 30, 2009, were as follows:

| | <u>Accounts Payable</u> | <u>Wages and Salaries Payable</u> | <u>Retainage Payable</u> | <u>Inter- governmental Payable</u> | <u>Due To Other Funds</u> | <u>Other Current Liabilities</u> | <u>Total</u> |
|-------------------------------|-----------------------------|---|------------------------------|--|-----------------------------------|--|---------------------|
| Governmental Activities: | | | | | | | |
| General Fund | \$ 58,968 | \$ 119,185 | \$ - | \$ - | \$ 3,587,912 | \$ 515,970 | \$ 4,282,035 |
| Capital Projects Fund | 1,650 | - | 202,616 | - | 190,686 | - | 394,952 |
| Non-Major Governmental Funds | <u>41,195</u> | <u>3,584</u> | <u>-</u> | <u>63,053</u> | <u>-</u> | <u>28,693</u> | <u>136,525</u> |
| Total Governmental Activities | <u>\$ 101,813</u> | <u>\$ 122,769</u> | <u>\$ 202,616</u> | <u>\$ 63,053</u> | <u>\$ 3,778,598</u> | <u>\$ 544,663</u> | <u>\$ 4,813,512</u> |

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

E. FIXED ASSETS

Capital asset activity for the City of Bee Cave, Texas for the year ended September 30, 2009, was as follows:

| <u>Description</u> | <u>Balance</u> <u>9/30/2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>9/30/2009</u> |
|---|------------------------------------|---------------------|-----------------------|------------------------------------|
| Land | \$ 10,552,044 | \$ 709,884 | \$ - | \$ 11,261,928 |
| Buildings & Improvements | 1,046,445 | 6,358,164 | - | 7,404,609 |
| Infrastructure | 9,190,174 | - | - | 9,190,174 |
| Furniture & Equipment | 861,366 | 81,582 | - | 942,948 |
| Construction In Progress - Infrastructure | <u>7,472,000</u> | <u>2,886,764</u> | <u>(6,224,581)</u> | <u>4,134,183</u> |
| Total Historical Costs | <u>29,122,029</u> | <u>10,036,394</u> | <u>(6,224,581)</u> | <u>32,933,842</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings & Improvements | (186,908) | (185,115) | - | (372,023) |
| Infrastructure | (459,508) | (229,754) | - | (689,262) |
| Furniture & Equipment | <u>(481,894)</u> | <u>(177,173)</u> | <u>4,194</u> | <u>(654,873)</u> |
| Total Accum. Depreciation | <u>(1,128,310)</u> | <u>(592,042)</u> | <u>4,194</u> | <u>(1,716,158)</u> |
| Governmental Activities Capital Assets, net | <u>\$ 27,993,719</u> | <u>\$ 9,444,352</u> | <u>\$ (6,220,387)</u> | <u>\$ 31,217,684</u> |

Depreciation expense was allocated to the governmental functions as follows:

| <u>Function</u> | <u>Allocated</u> <u>Depreciation</u> |
|------------------------|---|
| General Government | \$ 139,701 |
| Public Safety | 176,394 |
| Community Services | 211,044 |
| Health | 493 |
| Culture and Recreation | <u>64,410</u> |
| Total | <u>\$ 592,042</u> |

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

F. BONDS, NOTES, AND CAPITAL LEASES PAYABLE

During Fiscal Year 2005/2006, the City (then a Village) issued Village of Bee Cave Maintenance Tax Notes, Series 2006, in the amount of \$300,000. The purpose of the notes was for site improvements in the City Hall Complex. The notes bear an interest rate of 4.67% annually with maturities in increments of \$100,000 payable in fiscal years 2007, 2008, and 2009. As of September 30, 2009, the outstanding principal balance of the notes was \$0.

During Fiscal Year 2007/2008, the City issued General Obligation Bonds, Series 2008, in the amount of \$4,500,000. The purpose of the bonds was for capital improvements. The bonds bear an interest rate of 3.64% annually and mature in increments of principal and interest payable through 2023. As of September 30, 2009, the outstanding principal balance of the bonds was \$4,270,000.

The City uses capital leases as needed to finance purchases of police vehicles. As of September 30, 2009, the City had three outstanding police vehicle leases for multiple vehicles with total unpaid principal of \$65,525 and interest rates of 5.95%.

A summary of changes in long-term debt for the year is as follows:

| <u>Description</u> | <u>Interest Rate Payable</u> | <u>Amounts Original Issue</u> | <u>Interest Current Year</u> | <u>Amounts Outstanding 9/30/2008</u> | <u>Additions</u> | <u>Deletions</u> | <u>Amounts Outstanding 9/30/2009</u> |
|--|--------------------------------------|---------------------------------------|--------------------------------------|--|------------------|-------------------|--|
| Bonds Payable | | | | | | | |
| General Obligation Bonds, Series 2008 | 3.64% | \$ 4,500,000 | \$ 163,800 | \$ 4,500,000 | \$ - | \$ 230,000 | \$ 4,270,000 |
| Eco. Development. Tax Rev. Series 2007 | 4.43% | 6,000,000 | 265,800 | 6,000,000 | - | 195,000 | 5,805,000 |
| Total Bonds Payable | | | <u>429,600</u> | <u>10,500,000</u> | <u>-</u> | <u>425,000</u> | <u>10,075,000</u> |
| Notes Payable | | | | | | | |
| Maintenance Tax Notes, Series 2006 | 4.67% | 300,000 | 4,670 | 100,000 | - | 100,000 | - |
| Total Notes Payable | | | <u>4,670</u> | <u>100,000</u> | <u>-</u> | <u>100,000</u> | <u>-</u> |
| Capital Leases Payable | | | | | | | |
| Ford Motor Credit | 5.95% | 74,893 | 3,586 | 54,338 | - | 16,968 | 37,370 |
| Ford Motor Credit | 5.95% | 16,957 | 1,009 | 16,957 | - | 5,329 | 11,628 |
| Ford Motor Credit | 5.95% | 22,704 | - | - | 22,704 | 6,177 | 16,527 |
| Total Capital Leases Payable | | | <u>4,595</u> | <u>71,295</u> | <u>22,704</u> | <u>28,474</u> | <u>65,525</u> |
| Grand Total Debt | | | <u>\$ 438,865</u> | <u>\$ 10,671,295</u> | <u>\$ 22,704</u> | <u>\$ 553,474</u> | <u>\$ 10,140,525</u> |

**CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

Future debt service requirements for bonds, notes, and capital leases are as follows:

Bonds and Notes Payable

| Year Ended September 30, | <u>Principal</u> | <u>Interest</u> | Total <u>Requirements</u> |
|-----------------------------|----------------------|---------------------|------------------------------|
| 2010 | 440,000 | 412,590 | 852,590 |
| 2011 | 460,000 | 394,994 | 854,994 |
| 2012 | 475,000 | 376,591 | 851,591 |
| 2013 | 495,000 | 357,563 | 852,563 |
| 2014 | 515,000 | 337,723 | 852,723 |
| 2015-2019 | 2,900,000 | 1,362,100 | 4,262,100 |
| 2020-2024 | 3,145,000 | 730,895 | 3,875,895 |
| 2025-2028 | <u>1,645,000</u> | <u>186,282</u> | <u>1,831,282</u> |
| Total | <u>\$ 10,075,000</u> | <u>\$ 4,158,738</u> | <u>\$ 14,233,738</u> |

Capital Leases Payable

| Year Ended September 30, | <u>Principal</u> | <u>Interest</u> | Total <u>Requirements</u> |
|-----------------------------|------------------|-----------------|------------------------------|
| 2010 | 28,928 | 4,141 | 33,069 |
| 2011 | 30,767 | 2,303 | 33,070 |
| 2012 | <u>5,830</u> | <u>347</u> | <u>6,177</u> |
| | <u>\$ 65,525</u> | <u>\$ 6,791</u> | <u>\$ 72,316</u> |

G. TEXAS MUNICIPAL RETIREMENT SYSTEM PLAN DESCRIPTION

Plan Description

The City provides pension benefits for all of its full time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide, Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated, with interest, if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

**CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Plan Provisions

| | 2006 | 2007 | 2008 |
|---|-------------|-------------|----------------|
| 2 Employee deposit rate | 7.0% | 7.0% | 7.0% |
| 3 Matching ratio (city to employee) | 2 to 1 | 2 to 1 | 2 to 1 |
| 4 Years required for vesting | 5 | 5 | 5 |
| 5 Service retirement eligibility (expressed as age/years of service) | 60/5, 0/25 | 60/5, 0/25 | 60/5, 0/25 |
| 6 Updated service credit annually repeating (Y/N) | 100% Y | 100% Y | 100% Y |
| 7 Annuity increase to retirees annually repeating (Y/N) | 0% N | 0% N | 0% of CPI N |
| 8 Supplemental death benefit for active employees (Y/N) for retirees (Y/N) | Y Y | Y Y | Y Y |

Funding Policy

Cities are required to contribute at an actuarially determined rate; these rates are provided to the city on an annual basis, following the completion of the actuarial valuation. Note that there is a time delay in the valuation and when the rate becomes effective – for example, the January 1, 2007 contribution rate is based on the 12/31/05 valuation results; if a change in plan provisions is elected by the city, this rate can change. The actuary determines contribution rates on a calendar-year basis; the city discloses the annual pension costs (which equal the required contributions) based on the calculated rate(s) for the city’s fiscal year.

**CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

Actuarial Information

| | 2006 | 2007 | 2008 |
|--|---------------------------|------------------------------|------------------------------|
| 1 Actuarial cost method | Unit Credit | Projected Unit Credit | Projected Unit Credit |
| 2 Amortization method | Level % of payroll | Level % of payroll | Level % of payroll |
| 3 Amortization period | 25 years - open period | 25 years - closed | 24 years - closed |
| 4 Asset valuation method | Amortized cost | Amortized cost | Amortized cost |
| 5 Assumptions | | | |
| Investment return | 7.0% | 7.0% | 7.5% |
| Projected salary increases | None | varies by age and service | varies by age and service |
| Inflation | 3.5% | 3.0% | 3.0% |
| Cost-of-living adjustments | None | 0% | 0% |
| 6 City-specific assumptions | | | |
| Payroll growth assumption | 3.0% | 3.0% | 3.0% |
| Withdrawal rates for Male/Female (low, mid/low, mid, mid/high, or high) | Low/Low | Low/Mid-Low | Low/Mid-Low |

Schedule of Funding Information

| | 12/31/2006 | 12/31/2007 | 12/31/2008 |
|--|------------|------------|------------|
| 1 Actuarial valuation date | | | |
| 2 Actuarial value of assets | 468,196 | 684,307 | 931,340 |
| 3 Actuarial accrued liability (AAL) | 508,632 | 898,135 | 1,158,268 |
| 4 Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) | 40,436 | 213,828 | 226,928 |
| 5 Funded ratio | 92.1% | 76.2% | 80.4% |
| 6 Annual covered payroll (actuarial) | 923,313 | 1,522,915 | 2,036,843 |
| 7 UAAL or OAAL as % of covered payroll | 4.4% | 14.0% | 11.1% |

City of Bee Cave, Texas is one of 821 municipalities having their benefit plan administered by TMRS. Each of the 821 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007, valuations are contained in the 2007 TMRS Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined with other cities/political subdivisions in the State to participate in the Texas Municipal League Intergovernmental Risk Pool, a public entity risk pool, consisting of approximately 1,448 member city/political subdivisions located throughout the State of Texas. The City pays premiums to the risk pool for its general liabilities, property, auto physical damage, auto liability, mobile equipment, law enforcement, errors and omissions, workers' compensation and employee health and life insurance coverage.

Commercial insurance is carried for employee fidelity. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years, and there was no significant reduction of insurance coverage from the prior year.

Texas Municipal League Intergovernmental Risk Pool operates under the terms of interlocal agreements with the member entities and is a public entity risk pool operating as a common risk management and insurance program. The pool has a workers' compensation fund, a property fund, and a liability fund. Members may choose to participate in one or more of the funds. The City's risk is limited to the amount of premiums paid unless the pool should fail, in which case, the City would be liable for its ratable share of the pool deficit.

The funds of the public entity risk pool are intended to be self-sustaining through member contributions. The City pays an annual premium to the risk pool for its insurance coverages. The pool carries, as required by the interlocal agreements, insurance or reinsurance through commercial insurance companies that is believed, by the management of the pool, to be adequate to protect the financial stability of the existence of the pool. It is anticipated that such coverages will continue to vary in the future as the pool reserves the right to adjust the insurance/reinsurance coverage.

The Worker's Compensation fund excess loss coverage provides for losses in excess of \$1,000,000, with a \$10,000,000 per occurrence limit of liability. The property fund excess loss coverage provides for losses in excess of fund retention limits of \$250,000 per occurrence subject to an annual aggregate of \$5,000,000. The fund's auto physical damage excess loss coverage provides for losses in excess of fund retention limits of \$25,000 per vehicle and \$250,000 per occurrence. The City's Coverage limits for auto physical damage was \$122,426 with a \$250 per vehicle deductible. Coverage limits for mobile equipment was \$88,000, with a \$250 deductible. The liability fund excess loss coverage provides for losses in excess of \$1,000,000 with a \$10,000,000 per occurrence limit of liability.

The City's coverage limits for general liability, law enforcement and errors and omissions were \$300,000 per occurrence subject to an annual aggregate of \$600,000. The City's coverage limits for automobile liability was \$300,000 per occurrence.

**CITY OF BEE CAVE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2008**

I. COMMITMENTS AND CONTINGENCIES

In July of 2005, the City approved a Chapter 380 Economic Development Agreement with The Hill Country Galleria (HCG) whereby a 156-acre, mixed use development consisting of approximately 1 million square feet of retail, office, and restaurant space would be constructed within the City boundaries.

In addition to the economic benefits that the City received from increased economic activity within the City, the HCG developers also provided capital improvements to the City of Bee Cave estimated to approximate \$62 million. In exchange for these economic benefits and capital improvements, the City is obligated to pay to the HCG development manager a total of 55% of the sales taxes collected each year in the new development. These payments will continue for 20 years, or until total payments have reached \$15,000,000, whichever occurs first.

The City has a similar agreement in regards to another development within the City called the “Shops at the Galleria”. In this agreement, the City pays 45% of the sales taxes collected within that development to the development manager, Lincoln Management. In addition to the economic benefits that the City receives from the increased economic activity within this development, the City also received the benefit of highway improvements to parts SH71 located within the City paid for by the developer.

COMBINING SCHEDULES

CITY OF BEE CAVE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009

| | 200 Economic Development Fund | 201 Municipal Court Fund | Total Nonmajor Special Revenue Funds |
|--|--|-----------------------------------|---|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 230,169 | \$ 199,496 | \$ 429,665 |
| Taxes Receivable | - | - | - |
| Allowance for Uncollectible Taxes (credit) | - | - | - |
| Due from Other Funds | - | 214,978 | 214,978 |
| Total Assets | <u>\$ 230,169</u> | <u>\$ 414,474</u> | <u>\$ 644,643</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ - | \$ 41,195 | \$ 41,195 |
| Wages and Salaries Payable | - | 3,584 | 3,584 |
| Intergovernmental Payable | - | 63,053 | 63,053 |
| Deferred Revenues | - | - | - |
| Other Current Liabilities | - | 28,693 | 28,693 |
| Total Liabilities | <u>-</u> | <u>136,525</u> | <u>136,525</u> |
| Fund Balances: | | | |
| Reserved For: | | | |
| Debt Service | - | - | - |
| Designated For: | | | |
| Economic Development | 230,169 | - | 230,169 |
| Municipal Court | - | 277,949 | 277,949 |
| Total Fund Balances | <u>230,169</u> | <u>277,949</u> | <u>508,118</u> |
| Total Liabilities and Fund Balances | <u>\$ 230,169</u> | <u>\$ 414,474</u> | <u>\$ 644,643</u> |

The notes to the Financial Statements are an integral part of this statement.

| 500 Debt Service Fund | Total Nonmajor Governmental Funds |
|--------------------------------|--|
| \$ (517,795) | \$ (88,130) |
| 1,495 | 1,495 |
| (75) | (75) |
| 518,294 | 733,272 |
| <u>\$ 1,919</u> | <u>\$ 646,562</u> |
| | |
| \$ - | \$ 41,195 |
| - | 3,584 |
| - | 63,053 |
| 1,420 | 1,420 |
| - | 28,693 |
| <u>1,420</u> | <u>137,945</u> |
| | |
| 499 | 499 |
| - | 230,169 |
| - | 277,949 |
| <u>499</u> | <u>508,617</u> |
| <u>\$ 1,919</u> | <u>\$ 646,562</u> |

CITY OF BEE CAVE
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

| | 200 Economic Development Fund | 201 Municipal Court Fund | Total Nonmajor Special Revenue Funds |
|--|--|-----------------------------------|---|
| REVENUES: | | | |
| Taxes: | | | |
| Property Taxes | \$ - | \$ - | \$ - |
| Penalty and Interest on Taxes | - | - | - |
| Charges for Services | - | 76,237 | 76,237 |
| Fines | - | 148,893 | 148,893 |
| Other Revenue | - | 1,085 | 1,085 |
| Total Revenues | <u>-</u> | <u>226,215</u> | <u>226,215</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government | - | 130,393 | 130,393 |
| Debt Service: | | | |
| Debt Principal | - | - | - |
| Debt Interest | - | - | - |
| Total Expenditures | <u>-</u> | <u>130,393</u> | <u>130,393</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>95,822</u> | <u>95,822</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers In | - | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balance | - | 95,822 | 95,822 |
| Fund Balance - October 1 (Beginning) | <u>230,169</u> | <u>182,127</u> | <u>412,296</u> |
| Fund Balance - September 30 (Ending) | <u>\$ 230,169</u> | <u>\$ 277,949</u> | <u>\$ 508,118</u> |

The notes to the Financial Statements are an integral part of this statement.

| 500 Debt Service Fund | Total Nonmajor Governmental Funds |
|--------------------------------|--|
| \$ 160,407 | \$ 160,407 |
| 172 | 172 |
| - | 76,237 |
| - | 148,893 |
| - | 1,085 |
| <u>160,579</u> | <u>386,794</u> |
| - | 130,393 |
| 330,000 | 330,000 |
| 168,353 | 168,353 |
| <u>498,353</u> | <u>628,746</u> |
| <u>(337,774)</u> | <u>(241,952)</u> |
| <u>351,000</u> | <u>351,000</u> |
| <u>351,000</u> | <u>351,000</u> |
| 13,226 | 109,048 |
| <u>(12,727)</u> | <u>399,569</u> |
| <u>\$ 499</u> | <u>\$ 508,617</u> |

OTHER INFORMATION REQUIRED BY GAO



930 S. Bell Blvd., Suite 404 Cedar Park, Texas 78613
phone (512) 310-5600 fax (512) 310-5689

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

Independent Auditors' Report

Honorable Mayor and City Council Members
City of Bee Cave, Texas
4000 Galleria Pkwy.
Bee Cave, Texas 78738

Honorable Mayor and City Council Members:

We have audited the financial statements of the City of Bee Cave, Texas, (the "City") as of and for the year ended September 30, 2009, and have issued our report thereon dated February 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended for the information of the City's trustees, the audit committee, and the administration and is not intended to be used and should not be used by anyone other than these specified parties.

Singleton, Moore & Company, LLP

Singleton, Moore & Company, LLP
Cedar Park, Texas

February 10, 2010