

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2015

DRAFT

ANNUAL FINANCIAL REPORT
OF THE
COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT
YEAR ENDED DECEMBER 31, 2015

DISTRICT OFFICIALS:

PRESIDENT

DOUG CARVER

VICE PRESIDENT

SHANE WOLF

TREASURER

JENNIFER BRETZKE

SECRETARY

JENNIFER ROBINSON

MEMBER

LYNN LINDSAY

MEMBER

ALLEN BARTRAM

MEMBER

JIM GREEN

DRAFT

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Independent Accountant's Compilation Report

Board of Directors
Comal County Water-Oriented
Recreation District
Canyon Lake, Texas

Management is responsible for the accompanying financial statements of Comal County Water-Oriented Recreation District (the District), a component unit of Comal County, Texas which comprise the statement of net position as of December 31, 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America.

We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, nor provide any form of assurance on the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on page 2 through 4 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information, and, accordingly do not express an opinion, a conclusion, nor provide any form of assurance on such information.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

May 5, 2016

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD & A)

As management of the Comal County Water-Oriented Recreation District (the District), we offer readers the following discussion and analysis (MD & A) of the District's financial activities for the year ended December 31, 2015. The MD & A should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities by \$1,235,280 (net position). This is an increase of \$56,539 over the previous year's net position balance. The District had program expenses of \$1,017,171 and revenues of \$1,073,710. Total net position is comprised of investment in capital assets of \$225,368 and the unrestricted net position of \$1,009,912 which represents the portion available to fund the District's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – management's discussion and analysis (this section) and the basic financial statements. Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements.

Basic Financial Statements

The District maintains a single enterprise fund.

The statement of net position includes all of the District's assets and liabilities, with the difference between the two reported as net position.

All the current year's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The statement of net position and the statement of revenues, expenses and changes in net position are prepared utilizing the accrual basis of accounting.

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.

FINANCIAL ANALYSIS

The District's net position at calendar year-end is \$1,235,280. This is a \$56,539 increase over last year's net position of \$1,178,741.

In accordance with GASB Statement No. 34, comparative analysis of information from prior year to current year is presented.

Statement of Net Position

The following tables reflect the condensed statement of net position and the statement of revenues, expenses and changes in net position:

The following table reflects the condensed Statement of Net Position:

	BUSINESS-TYPE ACTIVITIES	
	2015	2014
Current and Other Assets	\$ 1,010,234	\$ 945,461
Capital Assets, Net	225,368	233,280
Total Assets	<u>\$ 1,235,602</u>	<u>\$ 1,178,741</u>
Current Liabilities	\$ 322	\$ -
Total Liabilities	322	-
Investment in Capital Assets Unrestricted	225,368 <u>1,009,912</u>	233,280 <u>945,461</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,235,602</u>	<u>\$ 1,178,741</u>

Statement of Revenues, Expenses and Changes in Net Position

	BUSINESS-TYPE ACTIVITIES	
	2015	2014
<u>REVENUES</u>		
Sales and Use Tax	\$ 1,072,724	\$ 967,729
Interest	986	873
Total Revenues	<u>1,073,710</u>	<u>968,602</u>
<u>EXPENSES</u>		
General Government	261,870	249,118
Public Safety	238,112	238,352
Health and Human Services	270,192	238,416
Community and Economic Development	246,997	106,225
Total Expenses	<u>1,017,171</u>	<u>832,111</u>
Change in Net Position	56,539	136,491
<u>NET POSITION - BEGINNING</u>	<u>1,178,741</u>	<u>1,042,250</u>
NET POSITION - ENDING	<u>\$ 1,235,280</u>	<u>\$ 1,178,741</u>

The District realized benefits from sales and use taxes. The increase in change in net position caused the District's overall financial position to improve during year 2015.

CAPITAL ASSETS

Capital Assets

The District's net investment in capital assets at the end of 2015 amounted to \$225,368. This investment in capital assets includes land, property improvements, and furniture, fixtures and equipment. The following table shows capital assets for 2015 with a comparison to 2014. If more detailed information is desired on the District's capital asset activity please refer to the notes to the financial statements.

	BUSINESS-TYPE ACTIVITIES	
	2015	2014
Land	\$ 192,836	\$ 192,836
Property Improvements	92,134	92,134
Furniture, Fixtures and Equipment	51,565	61,760
Total Capital Assets	336,535	346,730
Accumulated Depreciation	(111,167)	(113,450)
 NET CAPITAL ASSETS	 \$ 225,368	 \$ 233,280

THE ECONOMIC ENVIRONMENT

The District's outlook for 2016 is very promising. Sales and use taxes have increased, giving the District more funds to work with.

Contacting the District's Financial Management

This report is designed to provide the citizens, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Comal County Water-Oriented Recreation District
 Post Office Box 2789
 Canyon Lake, Texas 78133
 (830) 907-2300

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

STATEMENT OF NET POSITION

YEAR ENDED DECEMBER 31, 2015

Assets

Cash and Cash Equivalents	\$ 894,930
Accounts Receivable	115,304
Capital Assets	
Land	192,836
Property Improvements	92,134
Furniture, Fixtures and Equipment	51,565
Accumulated Depreciation	<u>(111,167)</u>
Total Assets	<u>\$ 1,235,602</u>

Liabilities

Accrued Expenses	\$ <u>322</u>
Total Liabilities	<u>322</u>

Net Position

Net Investment in Capital Assets	225,368
Unrestricted	<u>1,009,912</u>
Total Net Position	<u>\$ 1,235,280</u>

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COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2015

OPERATING REVENUES

Sales and Use Tax	<u>\$ 1,072,724</u>
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EXPENSES

General Government	261,870
Public Safety	238,112
Health and Human Services	270,192
Community and Economic Development	<u>246,997</u>
Total Expenses	<u>1,017,171</u>
Operating Income	55,553

NON-OPERATING REVENUES

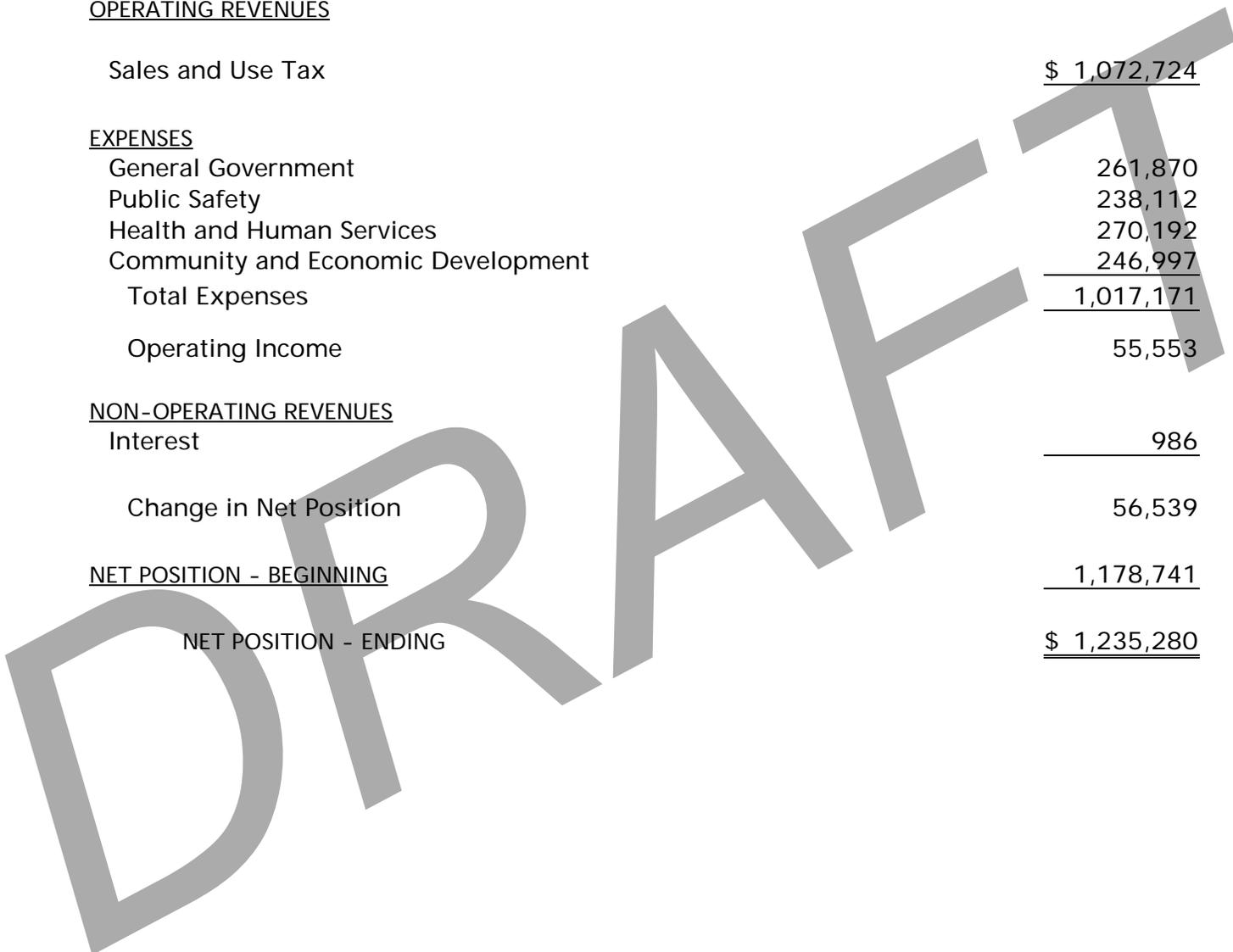
Interest	<u>986</u>
Change in Net Position	56,539

NET POSITION - BEGINNING

1,178,741

NET POSITION - ENDING

\$ 1,235,280



COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

STATEMENT OF CASH FLOWS

DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers and Users	\$ 957,420
Cash Paid for Personnel Services	(193,880)
Cash Paid to Suppliers for Goods and Services	<u>(815,057)</u>
Net Cash Provided (Used) by Operating Activities	<u>(51,517)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Income	<u>986</u>
Net Cash Provided by Investing Activities	<u>986</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(50,531)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

945,461

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 894,930

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 55,553
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	6,989
Loss on Disposal of Capital Asset	923
Changes to Assets and Liabilities	
Accounts Receivable	(115,304)
Accrued Expenses	<u>322</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ (51,517)

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Comal County Water-Oriented Recreation District (the District) is a park and recreation district created by the Texas Legislature in 1987 and voted for by the residents of Comal County in 1988. The District was created to improve the environment and welfare of the District by conserving natural resources, improving public health, promoting water safety and operating public parks located in the District.

A. Reporting Entity

The District is a component unit of Comal County, Texas. A component unit is a legally separate entity for which the elected officials of the governmental unit are financially accountable. The District will be presented in the county's financial statements as a discretely presented component unit.

B. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The financial statements of the District are reported as an enterprise fund using 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 related cash flows.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for use of the public parks and recreation facilities. Operating expenses for enterprise funds include the cost of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Cash and Cash Equivalents

The District's cash and cash equivalents include amounts in demand deposits and interest bearing deposits.

D. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restriction imposed by creditors, grantors, or laws or regulations of other governments.

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

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

F. Capital Assets

Capital assets, which include land, property improvements, and furniture, fixtures and equipment, are reported in the District's financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their 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 assets lives are not capitalized.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

<u>ASSETS</u>	<u>YEARS</u>
Property Improvements	10 – 20
Furniture, Fixtures and Equipment	5

NOTE 2: DEPOSITS

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the District's deposit may not be returned to it. As of December 31, 2015, the District's cash was fully collateralized at Prosperity Bank and approximately \$33,100 at Wells Fargo was not insured.

COMAL COUNTY WATER-ORIENTED RECREATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2015

NOTE 3: CAPITAL ASSETS

A summary of capital assets at December 31, 2015 is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASE</u>	<u>DECREASE</u>	<u>ENDING BALANCE</u>
<u>Capital Assets</u>				
Land	\$ 192,836	\$ -	\$ -	\$ 192,836
Property Improvements	92,134	-	-	92,134
Furniture, Fixtures and Equipment	<u>61,760</u>	-	<u>(10,195)</u>	<u>51,565</u>
Total Capital Assets	<u>346,730</u>	<u>-</u>	<u>(10,195)</u>	<u>336,535</u>
 <u>Less: Accumulated Depreciation</u>				
Property Improvements	(52,467)	(6,047)	-	(58,514)
Furniture, Fixtures and Equipment	<u>(60,983)</u>	<u>(942)</u>	<u>9,272</u>	<u>(52,653)</u>
Total Accumulated Depreciation	<u>(113,450)</u>	<u>(6,989)</u>	<u>9,272</u>	<u>(111,167)</u>
 TOTAL CAPITAL ASSETS BEING DEPRECIATED - NET	 <u>\$ 233,280</u>	 <u>\$ (6,989)</u>	 <u>\$ (923)</u>	 <u>\$ 225,368</u>

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

General Government	\$ 6,564
Health and Human Services	<u>425</u>
	<u>\$ 6,989</u>