

**HUNTERS CROSSING
LOCAL GOVERNMENT CORPORATION**

ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
SEPTEMBER 30, 2014**

HUNTERS CROSSING LOCAL GOVERNMENT CORPORTATION

ANNUAL FINANCIAL REPORT

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SEPTEMBER 30, 2014

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P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hunters Crossing Local Government Corporation

We have audited the accompanying financial statements of the governmental activities and the major fund of Hunters Crossing Local Government Corporation (the "Corporation") (component unit of the City of Bastrop, Texas) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Corporation'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.

Auditors' 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 auditors' 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 and major fund of Hunters Crossing Local Government Corporation, as of September 30, 2014, and the respective changes in financial position 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 the budgetary comparison information on pages 3-5 and 13-14 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 response 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 9, 2015

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Hunters Crossing Local Government Corporation's (hereafter the "Corporation") annual financial report presents our discussion and analysis of the financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the Corporation's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by \$163,370 (net position).
- The Corporation's total net position increased by \$76,272. This increase was attributable to an increase in revenue receipts from increased development and home sales and a reduction to maintenance and operations expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements comprise three components: (1) government-wide financial statements, which include the fund financial statements, (2) notes to the financial statements, and (3) budgetary information.

The Statement of Net Position presents information showing how the Corporation's net position changed during the 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 the future fiscal periods. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund is a governmental fund. 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's budgetary schedule for the General Fund. The Corporation adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final budget and actual figures, has been provided to demonstrate compliance with this budget. Required supplementary information can be found on pages 13 - 14 of this report.

Financial Analysis of the Corporation

Our analysis here focuses on the net position (Table I—Net Position) and changes in net position (Table II—Changes in Net Position) as a result of the Corporation’s activities. Net position over time, may serve as a useful indicator of a government’s financial position. In the case of the Corporation, assets exceeded liabilities by \$163,370, at the close of the most recent fiscal year end.

Table I
Hunters Crossing Local Government Corporation's Net Position

	2014	2013	Change
Current and other assets	\$ 193,072	\$ 115,975	\$ 77,097
Total assets	<u>193,072</u>	<u>115,975</u>	<u>77,097</u>
Liabilities	29,702	28,877	825
Total liabilities	<u>29,702</u>	<u>28,877</u>	<u>825</u>
Restricted	163,370	87,098	76,272
Total net position	<u>\$ 163,370</u>	<u>\$ 87,098</u>	<u>\$ 76,272</u>

At the end of the current fiscal year, the Corporation is able to report positive balance in net position. The same held true for the prior fiscal year.

Table II
Hunters Crossing Local Government Corporation's Changes in Net Position

	2014	2013	Change
Revenues:			
Property assessment fees:			
Maintenance and operations	\$ 156,731	\$ 141,247	\$ 15,484
Capital	193,577	166,610	26,967
Penalties and interest	1,154	502	652
General revenue-interest	<u>204</u>	<u>265</u>	<u>(61)</u>
Total revenues	<u>351,666</u>	<u>308,624</u>	<u>43,042</u>
Expenses:			
Maintenance and operations	86,806	89,643	(2,837)
Developer reimbursements	181,600	178,000	3,600
Professional services	6,496	11,360	(4,864)
Other	<u>492</u>	<u>11,451</u>	<u>(10,959)</u>
Total expenses	<u>275,394</u>	<u>290,454</u>	<u>(15,060)</u>
Change in net position	76,272	18,170	58,102
Beginning net position	<u>87,098</u>	<u>68,928</u>	<u>18,170</u>
Ending net position	<u>\$ 163,370</u>	<u>\$ 87,098</u>	<u>\$ 76,272</u>

Financial Analysis of Governmental Funds

The focus of the Corporation's governmental fund is to provide information on the new-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's resources available to fund improvements within the Hunters Crossing Public Improvement District (PID).

At year end, the Corporation's fund balance of \$161,579, an increase of \$74,481 in comparison with the prior year. As referenced in the Financial Highlights, this increase was attributable to not only a reduction in expenditures but also increased revenue receipts. (Reference page 7 of this report to view the Statement of Activities and Governmental Revenues, Expenditures and Changes in Fund Balance.) The increase in revenue resulted from increased development and home sales within the subdivision and therefore increased revenue collections from prorated and assessed fees. The reduction to expenses occurred within the Maintenance and Operations section and was due to cost saving measures during the year.

Budgetary Highlights

During the Fiscal Year 2014, The Local Government Corporation amended their annual budget to increase the appropriation for Reimbursement to Developer for Capital by \$9,100 to a total budget amount of \$181,600. This amendment was approved by the Board on April 30, 2014.

The most significant differences between the budgeted revenues and actual revenues was the increased revenue receipts from prorated PID fees, and single family residential assessment fees. Total budgeted revenues were \$313,970 and the actual receipts were \$351,666 (including a deferred revenue adjustment of \$1,791) representing an increase of \$37,696 above budget.

The amended budgeted expenditures for Fiscal Year 2014 were \$313,220 and actual expenses were \$275,394 providing a reduction of expenses by \$37,826. The reduction was primarily located within the maintenance and operations section was attributable to cost saving measures during the year and no unforeseen costs associated with the pumps and well.

Next Year's Budgets and Rates

The Local Government Corporation has adopted the levy of a special assessment to fund improvements in the Hunters Crossing Public Improvement District (PID); levying an assessment for maintenance and operations of Commercial Property at \$0.0517 per square foot, HXC 1 Lot 1 at \$13,363 and Single Family Residential at \$40.16 per lot; and levying an assessment for capital improvements of Commercial Property at \$0.0710 per square foot and Single Family Residential at \$284 per lot as identified in the Hunters Crossing Public Improvement District Service and Assessment Plan pursuant to Chapter 372 of the Texas Local Government Code.

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Corporation's Administrator, Michael H. Talbot: Phone 512-332-8800.

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**BASIC
FINANCIAL STATEMENTS**

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HUNTERS CROSSING LOCAL GOVERNMENT CORPORATION

**STATEMENT OF NET POSITION
AND GOVERNMENTAL FUND BALANCE SHEET**

SEPTEMBER 30, 2014

	<u>General</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and investments	\$ 191,190	\$ -	\$ 191,190
Assessed fees receivable, net	<u>1,882</u>	<u>-</u>	<u>1,882</u>
Total assets	<u>193,072</u>	<u>-</u>	<u>193,072</u>
LIABILITIES			
Accounts payable	<u>29,702</u>	<u>-</u>	<u>29,702</u>
Total liabilities	<u>29,702</u>	<u>-</u>	<u>29,702</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - assessed fees	<u>1,791</u>	<u>(1,791)</u>	<u>-</u>
Total deferred inflows of resources	<u>1,791</u>	<u>(1,791)</u>	<u>-</u>
FUND BALANCE/NET POSITION			
Fund balance:			
Restricted	<u>161,579</u>	<u>(161,579)</u>	<u>-</u>
Total fund balance	<u>161,579</u>	<u>(161,579)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 193,072</u>		
Net position:			
Restricted		<u>163,370</u>	<u>163,370</u>
Total net position		<u>\$ 163,370</u>	<u>\$ 163,370</u>

The accompanying notes are an integral part of these financial statements.

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HUNTERS CROSSING LOCAL GOVERNMENT CORPORATION

STATEMENT OF ACTIVITIES AND GOVERNMENTAL REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Adjustments	Statement of Activities
Expenditures/expenses:			
Public improvements:			
Maintenance and operations	\$ 86,806	\$ -	\$ 86,806
Developer reimbursements	181,600	-	181,600
Professional services	6,496	-	6,496
Other	492	-	492
Total public improvements	275,394	-	275,394
Total expenditures/expenses	275,394	-	275,394
Program revenues:			
Property assessment fees:			
Maintenance and operations	154,940	1,791	156,731
Capital	193,577	-	193,577
Penalties and interest	1,154	-	1,154
Net program revenues	349,671	1,791	351,462
General revenues:			
Interest income	204	-	204
Total general revenues	204	-	204
Excess of revenues over expenditures	74,481	1,791	
Change in net position		76,272	76,272
Fund balance/net position:			
Beginning	87,098	-	87,098
Ending	\$ 161,579	\$ 1,791	\$ 163,370

The accompanying notes are an integral part of these financial statements.

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HUNTERS CROSSING LOCAL GOVERNMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Hunters Crossing Local Government Corporation (the "Corporation") is organized for the purpose of aiding, assisting, and acting on behalf of the City of Bastrop, Texas (the "City") to implement the City-approved Service Plan for the Hunters Crossing Public Improvement District (the "Project") and to perform such other functions as the City from time to time lawfully may delegate to the Corporation.

The Corporation is formed pursuant to the provisions of Subchapter D, Chapter 431, Texas Transportation Code (the "Act") as it now or many hereafter be amended, and the authorities cited therein, which authorizes the Corporation to assist and act on behalf of the City and to engage in activities in the furtherance of the purposes for its creation.

The Corporation shall have and exercise all of the rights powers, privileges, authority, and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, consistent with the Articles of Incorporation and other applicable laws.

For financial reporting purposes, in conformance with generally accepted accounting principles, the Corporation's financial statements include all funds and activities over which the Board is financially accountable. In addition, component units which may be included are organizations for which the nature and significance of their operational or financial relationship with the Corporation are such that exclusion would cause the Corporation's financial statements to be misleading or incomplete.

As a result of applying the entirety definition criteria noted above, no organizations (component units) have been included in or excluded from the Corporation's financial statements. Using the definition criteria above the Corporation is a Component Unit of the City of Bastrop, Texas.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. Governmental activities are supported by property assessments and investment revenue. There are no internal activities and therefore no eliminations are necessary to present the government-wide statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. Direct expenses are those that are identifiable with a specific function, personnel, operations or direct services. Direct services are expenses related to public improvements of the Hunters Crossing Public Improvement District. General revenue includes the Corporation return on investment.

The government-wide and fund financial statements are provided for the governmental fund of the Corporation with a column for adjustments between the two 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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property assessment is recognized as revenue in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property assessments and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The government reports the following major governmental fund:

General Fund - The General Fund is the Corporation's primary operating fund. It accounts for all financial resources of the Corporation.

D. Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

E. Property Assessments Fees

The Hunters Crossing Public Improvement District (the "PID") was created by the City of Bastrop (the "City") and is administered through the Local Government Corporation (the "Corporation"). The Corporation was created to implement the Service Plan for the PID and to perform other functions delegated to it by the City. In order to perform these functions the Corporation approved various Property Assessment Fees. These fees are based on square footage for commercial property and flat rate for single member residences. There are no "Property Taxes" levied by the PID or the Corporation. The fees are determined by the service and assessment plan on an annual basis and set by City ordinances.

F. Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Corporation itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Corporation's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the Corporation that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Corporation considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Corporation considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

G. 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 legislations adopted by the Corporation or through external restrictions imposed by creditors or laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

H. 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits with Financial Institutions and Investments

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the Corporation 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 investment, (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 Corporation 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) investments pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the Corporation to have independent auditors perform test procedures related to investment practices as provided by the Act. The Corporation is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Invested Act, the Corporation has adopted a deposit and investment policy utilized by the City of Bastrop. The City Finance Director monitor and maintains all bank accounts for the Corporation. That policy addresses the following risks:

- a. Custodial Credit Risk—deposits. In the case of deposits, this is the risk that in the vent of a bank failure, the government’s deposits may not be returned to it. During the year, the government’s deposits were no exposed to custodial credit ricks. Pledged securities and FDIC coverage was adequate at all times during the year to secure the Corporation’s deposits.
- b. Custodial Credit Risk—investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Corporation’s investments are held in external municipal investment pools which are no subject to custodial credit risk.
- c. Credit Risk- This is the risk that an issuer of an investment will be unable to fulfill its obligations. That rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The Corporation was not exposed to credit risk during the year.
- d. Interest Rate Risk- This is the risk that changes in interest rates will adversely affect the fair value of an investment. This Corporation manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase.

- e. Concentration of Credit Risk- This is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuers (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in securities of a single issuer. Investments issued by U.S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The Corporation is not exposed to concentration of credit risk.

B. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors and omissions. The City of Bastrop, Texas, purchases commercial insurance to provide coverage for losses from torts' theft of, damage to, or destruction of assets; and errors and omissions on behalf of the Corporation. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

C. Contingencies

From time to time, the Corporation is a defendant in various lawsuits. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such matters will have a material adverse effect on the Corporation's financial position or results of operations.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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HUNTERS CROSSING LOCAL GOVERNMENT CORPORATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property assessment fees:				
Maintenance and operations	\$ 141,300	\$ 141,300	\$ 154,940	\$ 13,640
Capital	150	150	1,154	1,004
Penalties and interest	172,280	172,280	193,577	21,297
Interest income	240	240	204	(36)
Total revenues	<u>313,970</u>	<u>313,970</u>	<u>349,875</u>	<u>35,905</u>
EXPENDITURES				
Public improvements:				
Maintenance and operations	121,820	120,220	86,806	33,414
Developer reimbursements	172,500	181,600	181,600	-
Professional services	9,800	10,900	6,496	4,404
Other	-	500	492	8
Total expenditures	<u>304,120</u>	<u>313,220</u>	<u>275,394</u>	<u>37,826</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,850	750	74,481	73,731
FUND BALANCE, BEGINNING	<u>87,098</u>	<u>87,098</u>	<u>87,098</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 96,948</u>	<u>\$ 87,848</u>	<u>\$ 161,579</u>	<u>\$ 73,731</u>

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HUNTERS CROSSING LOCAL GOVERNMENT CORPORATION

NOTES TO BUDGETARY INFORMATION

SEPTEMBER 30, 2014

The Corporation follows these procedures in establishing the budgetary date reflected in the financial statements. The Corporation President submits to the Corporate Board a proposed budget. The Board holds a public hearing on the budget submitted, and all interested persons are given an opportunity to be heard for or against any item or the amount of any item contained therein.

After the conclusion of the public hearing, the Board may insert new items or may increase or decrease the items of the budget, except items in proposed expenditures fixed by law, but where it increases the total proposed expenditures, it also provides for an increase in the total anticipated revenue Property Assessment. The budget is adopted by a majority vote of the members of the entire Board.

The budget must be adopted no later than the 30th of September. The Corporation President may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications or line items. Therefore, expenditures should not exceed appropriations at the "line item" level. The Board may from time to time amend the budget as needed through formal budget amendments. Unencumbered appropriations lapse at year-end. An annual budget is prepared for the General Fund.

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