

CITY OF BALCONES HEIGHTS, TEXAS

**ANNUAL
FINANCIAL REPORT**

FISCAL YEAR ENDED

SEPTEMBER 30, 2014



CITY OF BALCONES HEIGHTS, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>PAGE</u>
TABLE OF CONTENTS	i
CITY OFFICIALS	iii
2013 CERTIFICATE OF ACHIEVEMENT	iv

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	4
BASIC FINANCIAL STATEMENTS.....	12
STATEMENT OF NET POSITION.....	13
STATEMENT OF ACTIVITIES.....	14
BALANCE SHEET	16
GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET TO THE STATEMENT OF NET POSITION.....	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	18
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	19
COMPARATIVE STATEMENTS OF NET POSITION – PROPRIETARY FUND.....	20
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND	21
COMPARATIVE STATEMENTS OF CASH FLOWS – PROPRIETARY FUND	22
NOTES TO BASIC FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION.....	42
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - GENERAL FUND.....	43
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE- BUDGET AND ACTUAL - CRIME CONTROL AND PREVENTION DISTRICT	46
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	47
TEXAS MUNICIPAL RETIREMENT SYSTEM ANALYSIS OF FUNDING PROGRESS LAST TEN CALENDAR YEARS.....	48

CITY OF BALCONES HEIGHTS, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

TABLE OF CONTENTS (Continued)

FINANCIAL SECTION (Continued)

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION.....	49
COMPARATIVE BALANCE SHEETS - GENERAL FUND	50
COMPARATIVE BALANCE SHEETS - CRIME CONTROL & PREVENTION DISTRICT FUND.....	51
COMBINING FINANCIAL STATEMENTS - NON-MAJOR GOVERNMENTAL FUNDS	52
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	53
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS.....	55

STATISTICAL SECTION

NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS.....	58
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS	60
FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS.....	64
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS.....	66
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS	68
PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS.....	69
DIRECT AND OVERLAPPING PROPERTY TAX RATES - LAST TEN FISCAL YEARS.....	70
ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY - LAST TEN FISCAL YEARS	71
PRINCIPAL PROPERTY TAXPAYERS - CURRENT AND NINE YEARS AGO.....	72
RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS	73
LEGAL DEBT MARGIN - LAST TEN FISCAL YEARS	74
DEMOGRAPHIC AND ECONOMIC STATISTICS - LAST TEN FISCAL YEARS.....	75
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO	76

CITY OF BALCONES HEIGHTS, TEXAS

CITY OFFICIALS

MAYOR

SUZANNE DeLEON

CITY COUNCIL

JACK BURTON

LINDA POHL

MADELINE SLAY

LAMAR GILLIAN

CHARLES WHITE

CITY ADMINISTRATOR

DAVID J. HARRIS

ATTORNEY

DAVIDSON & TROILO

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Balcones Heights
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

SHAREHOLDERS:
Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Balcones Heights, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Balcones Heights, Texas, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Balcones Heights, Texas, as of September 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Information for the business-type activities for the year ended September 30, 2013 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unmodified opinion in our report dated December 19, 2013.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and Analysis of Funding Progress as identified in the Table of Contents 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 regarding 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.

Other Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Balcones Heights, Texas' basic financial statements. The introductory section, comparative statements for the General Fund, combining and individual nonmajor fund financial statements, budgetary comparison information for other nonmajor funds, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

January 30, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Balcones Heights annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

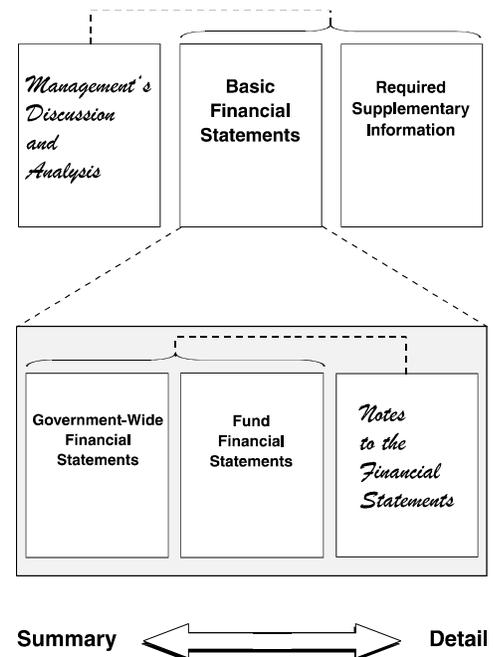
- The City’s total combined net position was \$9,000,533 at September 30, 2014.
- During the year, the City’s expenses were \$339,471 less than the \$6,671,164 generated in taxes and other revenues for governmental and business type activities.
- The City started a capital project for reconstruction of Hannasch Drive.
- The general fund reported a fund balance this year of \$1,592,350, a decrease of \$236,588 from last year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management’s discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the City’s operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as water and sewer services.

Figure A-1F, Required Components of the City’s Annual Financial Report



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

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses: self insurance
<i>Required financial statements</i>	• Statement of Net Position	• Balance Sheet	• Statement of Net Position
	• Statement of Activities	• Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City’s net position and how they have changed. Net position—the difference between the City’s assets plus deferred outflows and liabilities plus deferred inflows—is one way to measure the City’s financial health or *position*.

- Over time, increases or decreases in the City’s net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City’s tax base.

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as public safety, public works, health and welfare, culture and recreation and general administration. Property taxes, franchise fees and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's combined net position was \$9,000,533. (See Table A-1).

Table A-1
Balcones Heights Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change Based on Actual 2014-2013
	2014	2013	2014	2013*	2014	2013*	
Assets							
Cash and Investments	\$ 3,717,898	\$ 4,290,011	\$ 33,266	\$ 17,267	\$ 3,751,164	\$ 4,307,278	-13%
Receivables: (net of allowances of uncollectible)							
Taxes	31,493	32,597	-	-	31,493	32,597	-3%
Accounts	32,481	64,276	50,401	45,190	82,882	109,466	-24%
Due from Other Governments	454,529	349,980	-	-	454,529	349,980	30%
Prepays	21,335	9,281	-	-	21,335	9,281	130%
Internal Balances	34,602	-	(34,602)	-	-	-	0%
<i>Capital Assets:</i>							
Land	604,672	604,672	-	-	604,672	604,672	0%
Buildings and Improvements	2,953,360	2,953,360	-	-	2,953,360	2,953,360	0%
Improvements Other than Buildings	3,511,967	2,898,512	119,124	119,124	3,631,091	3,017,636	20%
Transportation and Equipment	2,383,202	2,177,163	-	-	2,383,202	2,177,163	9%
Construction in Progress	70,731	100,979	-	-	70,731	100,979	-30%
Accumulated Depreciation	(3,577,915)	(3,283,659)	(45,717)	(43,335)	(3,623,632)	(3,326,994)	9%
Total Assets	10,238,355	10,197,172	122,472	138,246	10,360,827	10,335,418	0%
Deferred Outflows of Resources							
Deferred Loss on Debt Refunding	-	5,569	-	-	-	5,569	-100%
Total Deferred Outflows	-	5,569	-	-	-	5,569	-100%
Liabilities							
<i>Current Liabilities:</i>							
Accounts Payable and Accrued Liabilities	508,791	519,665	46,425	47,729	555,216	567,394	-2%
Accrued Interest Payable	944	3,327	-	-	944	3,327	-72%
<i>Noncurrent Liabilities:</i>							
Pension Benefit Obligation	209,256	208,292	-	-	209,256	208,292	0%
Due Within One Year	137,939	391,956	-	-	137,939	391,956	-65%
Due in More Than One Year	456,939	508,956	-	-	456,939	508,956	-10%
Total Liabilities	1,313,869	1,632,196	46,425	47,729	1,360,294	1,679,925	-19%
Net Position							
Net Investment in Capital Assets	5,517,017	4,715,596	73,407	75,789	5,590,424	4,791,385	17%
Restricted	1,051,900	819,550	-	-	1,051,900	819,550	28%
Unrestricted	2,355,569	3,035,399	2,640	14,728	2,358,209	3,050,127	-23%
Total Net Position	\$ 8,924,486	\$ 8,570,545	\$ 76,047	\$ 90,517	\$ 9,000,533	\$ 8,661,062	4%

*2013 has been restated to reflect the results of prior period adjustment (See Note P)

The \$2,355,569 of unrestricted net position represents resources available to fund the programs of the City next year.

Changes in Net Position. The City's total revenues were \$6,671,164. A significant portion, (59%), of the City's revenue comes from taxes; (See Figure A-3.) 3% comes from grants, 1% comes from interest and miscellaneous revenue, while 15% percent relates to charges for services (including fines and forfeitures).

Figure A-3
Sources of Revenue for Fiscal Year 2014

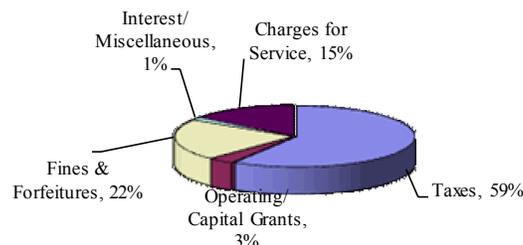


Table A-2
Changes in Balcones Heights Net Position
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013*	2014	2013*	
Program Revenues:							
Charges for Services	\$ 1,874,876	\$ 2,090,484	\$ 548,943	\$ 477,004	\$ 2,423,819	\$ 2,567,488	-5.6%
Operating Grants and Contributions	1,937	-	-	-	1,937	-	100.0%
Capital Grants and Contributions	226,405	137,496	-	-	226,405	137,496	64.7%
General Revenues							
Property Taxes	1,197,071	1,220,099	-	-	1,197,071	1,220,099	-1.9%
Utility Franchise	327,991	288,083	-	-	327,991	288,083	13.9%
Sales Tax	2,136,316	2,061,790	-	-	2,136,316	2,061,790	3.6%
Hotel Occupancy Tax	226,349	210,661	-	-	226,349	210,661	7.4%
Mixed Beverage Tax	35,201	28,924	-	-	35,201	28,924	21.7%
Investment Earnings	2,563	2,487	2	4	2,565	2,491	3.0%
Miscellaneous	93,510	531,892	-	-	93,510	531,892	-82.4%
Total Program Revenues:	<u>6,122,219</u>	<u>6,571,916</u>	<u>548,945</u>	<u>477,008</u>	<u>6,671,164</u>	<u>7,048,924</u>	-5.4%
General Government	1,026,656	987,456	-	-	1,026,656	987,456	4.0%
Public Safety	4,153,525	4,015,397	-	-	4,153,525	4,015,397	3.4%
Public Works	281,450	264,227	-	-	281,450	264,227	6.5%
Health and Welfare	12,967	13,073	-	-	12,967	13,073	-0.8%
Culture and Recreation	262,702	256,089	-	-	262,702	256,089	2.6%
Interest on Long-Term Debt	30,978	62,419	-	-	30,978	62,419	-50.4%
Wastewater	-	-	563,415	529,576	563,415	529,576	6.4%
Total Expenses	<u>5,768,278</u>	<u>5,598,661</u>	<u>563,415</u>	<u>529,576</u>	<u>6,331,693</u>	<u>6,128,237</u>	3.3%
Increase (Decrease) in Net Position	<u>\$ 353,941</u>	<u>\$ 973,255</u>	<u>\$ (14,470)</u>	<u>\$ (52,568)</u>	<u>\$ 339,471</u>	<u>\$ 920,687</u>	-63.1%

*2013 has been restated to reflect the results of prior period adjustment (See Note P)

The total cost of all programs and services was \$6,331,693; 66% of these costs are for Public Safety and 16% are for General Government. The remaining 18% is for all other programs.

Governmental Activities

- Property tax rates did not increase from the prior year. The decrease in revenues was due to maintaining the effective tax rate when property values declined slightly.
- The City did not sell any capital bonds in fiscal 2014.

Table A-3
Net Cost of Selected City Functions
(In thousands dollars)

	Total Cost of Services			Net Cost of Services		
	2014	2013	% Change	2014	2013	% Change
General Government	\$ 1,026,656	\$ 987,456	4.0%	\$ 859,348	\$ 698,486	23.0%
Public Safety	4,153,525	4,015,397	3.4%	2,453,620	2,220,343	10.5%
Public Works	281,450	264,227	6.5%	53,645	126,006	-57.4%
Health & Welfare	12,967	13,073	-0.8%	12,967	13,073	-0.8%
Culture & Recreation	262,702	256,089	2.6%	254,502	250,354	1.7%
Wastewater	563,415	566,345	-0.5%	14,472	89,341	-83.8%
Interest on Long Term Debt	30,978	62,419	-50.4%	30,978	62,419	-50.4%
	<u>\$ 6,331,693</u>	<u>\$ 6,165,006</u>	2.7%	<u>\$ 3,679,532</u>	<u>\$ 3,460,022</u>	6.3%

Table A-3 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$5,768,278.
- Sales Tax (paid by residents and visitors alike) was \$2,136,316, or 37% of all activity expenses.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$1,197,071 or 21%.
- Some of the cost, \$1,874,876 or 33% was paid by those who directly benefited from the programs and activities.
- A portion of the cost was funded (paid) by grants and contributions totaling \$228,342 or 4%.

Business-Type Activities

Revenues of the City's business-type activities increased 15% to \$548,943 and expenses increased 6% to \$563,415.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$6,124,519 in fiscal 2014. This is a decrease of \$443,745 from 2013 revenues. The decrease in local revenues is a result of decrease in appraised property values, decrease of CIED funds from City Public Service as the final payment was received in 2013, and decrease from charges from services.

General Fund Budgetary Highlights

Over the course of the year, the City amended its general fund budget two times. In addition, there were numerous revisions to individual cost centers made within the available appropriations. Even with these adjustments, actual general fund expenditures were \$168,071 below final budget amounts. Generally, every major division had a positive variance. Sales tax numbers were higher than budgeted.

- Property tax collections were still \$16,336 more than expected.
- City Sales Tax was \$32,219 more than expected.
- Court fines and forfeitures were \$43,837 less than expected even after a budget amendment.
- Other sources were \$14,499 more than expected.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the City had invested \$9,643,056 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount less accumulated depreciation totaling \$3,623,632 results in a total Net Capital Asset value of \$6,019,424.

Table A-4
City's Capital Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
	Land	\$ 604,672	\$ 604,672	\$ -	\$ -	\$ 604,672	
Buildings and Improvements	2,953,360	2,953,360	-	-	2,953,360	2,953,360	0.0%
Transportation and Equipment	2,383,202	2,177,163	-	-	2,383,202	2,177,163	9.5%
Streets and Grounds	3,511,967	2,898,512	119,124	119,124	3,631,091	3,017,636	20.3%
Construction in Progress	70,731	100,979	-	-	70,731	100,979	-30.0%
Totals at Historical Cost	<u>9,523,932</u>	<u>8,734,686</u>	<u>119,124</u>	<u>119,124</u>	<u>9,643,056</u>	<u>8,853,810</u>	8.9%
Total Accumulated Depreciation	<u>(3,577,915)</u>	<u>(3,283,659)</u>	<u>(45,717)</u>	<u>(43,335)</u>	<u>(3,623,632)</u>	<u>(3,326,994)</u>	8.9%
Net Capital Assets	<u>\$ 5,946,017</u>	<u>\$ 5,451,027</u>	<u>\$ 73,407</u>	<u>\$ 75,789</u>	<u>\$ 6,019,424</u>	<u>\$ 5,526,816</u>	8.9%

The City's capital budget does provide appropriations for fiscal 2014 capital projects to include capital equipment (computers) replacement and the partial funding of Beryl Street. The City will use Community Development Block Grant funds (CDBG) for a portion of the balance of the project for Beryl Street. More detailed information about the City's capital assets is presented in the Note H on page 34 of this report.

LONG TERM DEBT

At year-end the City had \$429,000 in bonded debt as shown in Table A-5. More detailed information about the City's debt is presented in Note I on page 35 of this report.

Table A-5
City's Long-Term Debt
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2014-2013
	2014	2013	2014	2013	2014	2013	
	Bonds Payable	\$ 429,000	\$ 741,000	\$ -	\$ -	\$ 429,000	
Compensated Absences	165,878	159,912	-	-	165,878	159,912	3.7%
Total Bonds & Notes Payable	<u>\$ 594,878</u>	<u>\$ 900,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594,878</u>	<u>\$ 900,912</u>	-34.0%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Actual General Fund revenues for fiscal 2015 are anticipated to increase to a total budgeted amount of \$4,455,187. This is an increase of \$198,073 over the audited 2014 final revenues. The increase comes from an upturn in sales tax, ad valorem, and fees and permits revenue.
- City sales tax revenues are projected to rise slightly due to increased spending in the City.
- The beginning General Fund balance available for appropriation in 2015 is \$1,592,350.
- General Fund expenditures for 2015 are budgeted at \$4,454,948. This is an increase of \$86,094 over the audited 2014 final expenditures. Despite increases in General Fund revenues and expenditures, the fiscal 2015 budget is expected to balance.

CONTACTING THE CITY'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's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department.



CITY OF BALCONES HEIGHTS, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



CITY OF BALCONES HEIGHTS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 3,717,898	\$ 33,266	\$ 3,751,164
Receivables (Net of Allowances for Uncollectibles):			
Taxes	31,493	-	31,493
Accounts	32,481	50,401	82,882
Due from Other Governments	454,529	-	454,529
Prepays	21,335	-	21,335
Internal Balances	34,602	(34,602)	-
Capital Assets:			
Land	604,672	-	604,672
Buildings & Improvements	2,953,360	-	2,953,360
Infrastructure - Streets & Drainage	3,511,967	119,124	3,631,091
Transportation & Equipment	2,383,202	-	2,383,202
Construction in Progress	70,731	-	70,731
Accumulated Depreciation	(3,577,915)	(45,717)	(3,623,632)
TOTAL ASSETS	<u>10,238,355</u>	<u>122,472</u>	<u>10,360,827</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable and Other Current Liabilities	508,791	46,425	555,216
Accrued Interest Payable	944	-	944
<i>Noncurrent Liabilities:</i>			
Pension Benefit Obligation	209,256	-	209,256
Due within One Year	137,939	-	137,939
Due in more than One Year	456,939	-	456,939
TOTAL LIABILITIES	<u>1,313,869</u>	<u>46,425</u>	<u>1,360,294</u>
NET POSITION			
Net Investment in Capital Assets	5,517,017	73,407	5,590,424
Restricted for:			
Crime Control	237,377	-	237,377
Debt Service	65,816	-	65,816
Hotel/Motel	402,794	-	402,794
Public Safety and Security	218,783	-	218,783
Traffic Safety	110,108	-	110,108
PEG Capital Fees	17,022	-	17,022
Unrestricted	2,355,569	2,640	2,358,209
TOTAL NET POSITION	<u>\$ 8,924,486</u>	<u>\$ 76,047</u>	<u>\$ 9,000,533</u>

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,026,656	\$ 167,308	\$ -	\$ -
Public Safety	4,153,525	1,697,968	1,937	-
Public Works	281,450	1,400	-	226,405
Health & Welfare	12,967	-	-	-
Culture & Recreation	262,702	8,200	-	-
Interest on Long-Term Debt	30,978	-	-	-
Total Governmental Activities	<u>5,768,278</u>	<u>1,874,876</u>	<u>1,937</u>	<u>226,405</u>
Business-Type Activities:				
Wastewater	563,415	548,943	-	-
Total Business-Type Activities	<u>563,415</u>	<u>548,943</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 6,331,693</u>	<u>\$ 2,423,819</u>	<u>\$ 1,937</u>	<u>\$ 226,405</u>
General Revenues:				
<i>Taxes:</i>				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Mixed Beverage Tax				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Prior Period Adjustment				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net Revenue (Expense) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (859,348)	\$ -	\$ (859,348)
(2,453,620)	-	(2,453,620)
(53,645)	-	(53,645)
(12,967)	-	(12,967)
(254,502)	-	(254,502)
(30,978)	-	(30,978)
<u>(3,665,060)</u>	<u>-</u>	<u>(3,665,060)</u>
-	(14,472)	(14,472)
<u>-</u>	<u>(14,472)</u>	<u>(14,472)</u>
<u>(3,665,060)</u>	<u>(14,472)</u>	<u>(3,679,532)</u>
1,197,071	-	1,197,071
327,991	-	327,991
2,136,316	-	2,136,316
226,349	-	226,349
35,201	-	35,201
2,563	2	2,565
93,510	-	93,510
<u>4,019,001</u>	<u>2</u>	<u>4,019,003</u>
353,941	(14,470)	339,471
8,570,545	53,748	8,624,293
-	36,769	36,769
<u>\$ 8,924,486</u>	<u>\$ 76,047</u>	<u>\$ 9,000,533</u>

CITY OF BALCONES HEIGHTS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Crime Control & Prevention District	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 1,755,115	\$ 133,562	\$ 994,876	\$ 834,345	\$ 3,717,898
Receivables (net of allowances for uncollectibles):					
Taxes	16,795	-	-	14,698	31,493
Due from Other Governments	257,535	116,892	-	80,102	454,529
Miscellaneous	30,392	-	-	2,089	32,481
Due from Other Funds	68,790	-	-	12,212	81,002
Advance to Other Funds	-	-	-	67,568	67,568
Prepaid Items	16,051	2,900	-	2,384	21,335
TOTAL ASSETS	\$ 2,144,678	\$ 253,354	\$ 994,876	\$ 1,013,398	\$ 4,406,306
LIABILITIES					
Accounts Payable	\$ 177,142	\$ 9,655	\$ -	\$ 14,173	\$ 200,970
Accrued Expenditures	69,815	6,322	-	10,676	86,813
Due to Other Funds	-	-	-	46,400	46,400
Advance from Other Funds	67,568	-	-	-	67,568
Due to Other Governments	221,008	-	-	-	221,008
Total Liabilities	535,533	15,977	-	71,249	622,759
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	16,795	-	-	816	17,611
Total Deferred Inflows of Resources	16,795	-	-	816	17,611
FUND BALANCE					
<i>Nonspendable:</i>					
Prepays	16,051	2,900	-	2,384	21,335
Interfund Advance	-	-	-	48,383	48,383
<i>Restricted:</i>					
Crime Control & Prevention	-	234,477	-	-	234,477
Debt Service	-	-	-	65,944	65,944
Hotel/Motel	-	-	-	353,559	353,559
Public Safety & Security	6,247	-	-	212,536	218,783
Traffic Safety	-	-	-	110,108	110,108
PEG Capital Fees	17,022	-	-	-	17,022
<i>Assigned:</i>					
Capital Projects Funds	-	-	994,876	-	994,876
Street Maintenance	321,555	-	-	-	321,555
Economic Development	10,000	-	-	-	10,000
Impound Facility & Auction	-	-	-	164,992	164,992
<i>Unassigned</i>	1,221,475	-	-	(16,573)	1,204,902
Total Fund Balances	1,592,350	237,377	994,876	941,333	3,765,936
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 2,144,678	\$ 253,354	\$ 994,876	\$ 1,013,398	\$ 4,406,306

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 3,765,936
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,946,017
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		17,611
The Government funds report pension plan contributions when paid. However, in the Statement of Net Position differences between the pension plan contributions and costs for the year are reported as an asset or obligation.		(209,256)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:		
Bonds Payable	(429,000)	
Compensated Absences	(165,878)	(594,878)
Accrued interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds.		(944)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 8,924,486

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General Fund	Crime Control & Prevention District	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 2,929,375	\$ 704,097	\$ -	\$ 291,756	\$ 3,925,228
Licenses and Permits	104,203	-	-	-	104,203
Intergovernmental	1,937	-	-	226,405	228,342
Charges for Services	60,550	-	-	257,364	317,914
Fines and Forfeits	1,068,600	-	-	384,159	1,452,759
Interest	619	35	1,777	132	2,563
Miscellaneous	91,830	-	-	1,680	93,510
TOTAL REVENUES	<u>4,257,114</u>	<u>704,132</u>	<u>1,777</u>	<u>1,161,496</u>	<u>6,124,519</u>
EXPENDITURES					
Current:					
General Government	929,992	71,611	30	24,845	1,026,478
Public Safety	3,122,943	497,699	-	315,083	3,935,725
Public Works	197,673	-	-	-	197,673
Health & Welfare	12,000	-	-	967	12,967
Culture & Recreation	75,531	-	-	174,816	250,347
Capital Projects/Outlay	30,715	-	393,477	377,970	802,162
Debt Service:					
Principal	-	-	-	312,000	312,000
Interest and Fiscal Charges	-	-	-	27,792	27,792
TOTAL EXPENDITURES	<u>4,368,854</u>	<u>569,310</u>	<u>393,507</u>	<u>1,233,473</u>	<u>6,565,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(111,740)</u>	<u>134,822</u>	<u>(391,730)</u>	<u>(71,977)</u>	<u>(440,625)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	125,000	-	249,848	223,388	598,236
Transfers Out	<u>(249,848)</u>	<u>(223,388)</u>	<u>-</u>	<u>(125,000)</u>	<u>(598,236)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(124,848)</u>	<u>(223,388)</u>	<u>249,848</u>	<u>98,388</u>	<u>-</u>
Net Change in Fund Balances	(236,588)	(88,566)	(141,882)	26,411	(440,625)
Fund Balances at Beginning of Year	1,828,938	325,943	1,136,758	914,922	4,206,561
Fund Balances at End of Year	<u>\$ 1,592,350</u>	<u>\$ 237,377</u>	<u>\$ 994,876</u>	<u>\$ 941,333</u>	<u>\$ 3,765,936</u>

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (440,625)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	789,246	
Depreciation Expense	<u>(294,256)</u>	494,990

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (2,308)

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

Repayment of Principal	312,000	
Amortization of Deferred Loss on Refunding	<u>(5,569)</u>	306,431

Some expenses reported in the governmental funds that require the use of current financial resources will benefit future periods and, therefore, are deferred in the Statement of Activities:

Compensated Absences	(5,966)	
Accrued Interest	2,383	
Pension Benefit Obligation	<u>(964)</u>	<u>(4,547)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 353,941

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF NET POSITION – PROPRIETARY FUND
 SEPTEMBER 30, 2014 AND 2013

	Business-Type Activities	
	Sewer Operations & Maintenance	
	2014	2013*
ASSETS		
<i>Current Assets:</i>		
Cash and Investments	\$ 33,266	\$ 17,267
Receivables:		
Accounts	50,401	45,190
<i>Total Current Assets</i>	<u>83,667</u>	<u>62,457</u>
<i>Capital Assets:</i>		
Improvements Other than Buildings	119,124	119,124
Accumulated Depreciation	(45,717)	(43,335)
<i>Total Capital Assets (Net)</i>	<u>73,407</u>	<u>75,789</u>
 TOTAL ASSETS	 <u>157,074</u>	 <u>138,246</u>
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	46,425	47,729
Due to Other Funds	34,602	-
<i>Total Current Liabilities</i>	<u>81,027</u>	<u>47,729</u>
 TOTAL LIABILITIES	 <u>81,027</u>	 <u>47,729</u>
 NET POSITION		
Net Investment in Capital Assets	73,407	75,789
Unrestricted	2,640	14,728
 TOTAL NET POSITION	 <u>\$ 76,047</u>	 <u>\$ 90,517</u>

*2013 has been restated to reflect the results of prior period adjustment (See Note P)

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION - PROPRIETARY FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Business-Type Activities	
	Sewer Operations & Maintenance	
	2014	2013*
OPERATING REVENUES		
Wastewater User Fees	\$ 548,943	\$ 477,004
TOTAL OPERATING REVENUES	548,943	477,004
OPERATING EXPENSES		
Operation and Maintenance:		
Contractual Services	561,033	527,194
Depreciation	2,382	2,382
TOTAL OPERATING EXPENSES	563,415	529,576
OPERATING INCOME (LOSS)	(14,472)	(52,572)
NONOPERATING REVENUES (EXPENSES)		
Interest Income	2	4
TOTAL NONOPERATING REVENUES (EXPENSES)	2	4
CHANGE IN NET POSITION	(14,470)	(52,568)
NET POSITION AT BEGINNING OF YEAR	90,517	143,085
NET POSITION AT END OF YEAR	\$ 76,047	\$ 90,517

*2013 has been restated to reflect the results of prior period adjustment (See Note P)

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS – PROPRIETARY FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Busines-Type Activities	
	Sewer Operations & Maintenance	
	2014	2013*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 543,732	\$ 467,293
Cash Paid to Suppliers	<u>(562,337)</u>	<u>(518,530)</u>
Net Cash Provided (Used) by Operating Activities	<u>(18,605)</u>	<u>(51,237)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Interfund Payables	<u>34,602</u>	<u>-</u>
Net Cash Provided (Used) by Non Capital Financing Activities	<u>34,602</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received	<u>2</u>	<u>4</u>
Net Cash Provided (Used) by Investing Activities	<u>2</u>	<u>4</u>
Net Increase (Decrease) in Cash	15,999	(51,233)
Cash and Investments at October 1	<u>17,267</u>	<u>68,500</u>
Cash and Investments at September 30	<u>\$ 33,266</u>	<u>\$ 17,267</u>
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (14,472)	\$ (52,572)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,382	2,382
(Increase) Decrease in Accounts Receivable	(5,211)	(9,711)
Increase (Decrease) in Accounts Payable	<u>(1,304)</u>	<u>8,664</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (18,605)</u>	<u>\$ (51,237)</u>

*2013 has been restated to reflect the results of prior period adjustment (See Note P)

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Balcones Heights have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government.

Blended Component Units. The Balcones Heights Crime Control and Prevention District, an entity legally separate from the City, was created pursuant to Section 363.051, et. Seq. of the Crime Control District Act. The District was created September 19, 1998, to act on behalf of Balcones Heights for promotion, development and enhancement of crime control and prevention within the City of Balcones Heights. The District is governed by a six-member board appointed by the City Council. This governing board is substantially the same as the primary government. For financial reporting purposes, the District is reported as if it were part of the City's operations because its purpose is to benefit the citizens of the City.

Discretely Presented Component Units. As of September 30, 2014, the City had no component units that would require a discrete presentation in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report, except for City fiduciary activity, information on all of the activities of the City. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues. Separate **fund financial statements** are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. The General Fund, Crime Control and Prevention District, and Capital Projects Fund all meet criteria as *major governmental funds*. Detailed statements for nonmajor funds are presented as Combining Fund Statements and Schedules as part of *Other Supplementary Information*.

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs and investment earnings.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

The government reports the following major governmental funds:

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, public safety, public works, health and welfare, culture and recreation, and capital acquisition.

Crime Control and Prevention District is used to account for sales tax proceeds collected to support crime control and prevention.

Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital projects.

Nonmajor funds include the debt service fund and special revenue funds.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's primary proprietary fund is the Sewer Operations and Maintenance Fund, used to account for the provision of transport and treatment of wastewater.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations (e.g. wastewater transport & treatment).

4. CASH AND INVESTMENTS

Cash and investments include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City, which includes investments in local government investment pools.

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2013 and past due after January 31, 2014. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior year's levy are shown net of an allowance for uncollectible.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. ACCOUNTS RECEIVABLE (Continued)

Due from other Governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met. Sales tax collected on exchange transactions occurring in the City through September 30, 2014 are also reflected as Due from Other Governments.

6. PREPAID ITEMS

Payments made for goods or services to be received in future periods are recorded on the balance sheet as prepaid items.

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the fund statements.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset for the non-current portion by a nonspendable governmental fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

8. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, such as equipment, are defined as assets with a cost of \$5,000 or more. Infrastructure assets include city-owned streets, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. CAPITAL ASSETS (Continued)

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

ASSETS	YEARS
Buildings and Improvements	20 to 50 years
Improvements Other than Buildings	50 to 75 years
Transportation and Equipment	5 to 10 years

9. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows of resources.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet under a modified accrual basis of accounting. Unavailable revenues from property tax are deferred and recognized as an inflow of resource in the period the amounts become available.

10. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to certain limits. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

11. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. PENSION ACCOUNTING

Governmental Funds - The net pension obligation (asset), the cumulative difference between annual pension cost and the City's contributions to the plan, is calculated on an actuarial basis consistent with requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension benefit obligation is reported as a non-current liability in the government-wide financial statements.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts, are amortized over the life of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

14. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government 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.

Assigned – Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity that may make assignments at this time as the Council has not designated any other individuals with the authority to make assignments.

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. FUND EQUITY (Continued)

As of September 30, 2014, the Court Technology fund (a nonmajor special revenue fund) had a deficit restricted fund balance which reduced the amount of funds available in the Unassigned Fund balance for total governmental funds by \$16,573.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, and assigned third.

15. NET POSITION

Net position represent the difference between assets and liabilities. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

16. 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.

17. RECLASSIFICATIONS

Certain reclassifications have been made to the September 30, 2013 comparative information to conform to the September 30, 2014 presentation. These reclassifications had no effect on fund balances or net position.

NOTE B -- DEPOSITS AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as cash and investments.

Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below.

Deposits – All deposits with financial institutions must be fully collateralized. The collateral must be held by the pledging financial institution's trust department or equivalent. As of September 30, 2014, the carrying amounts of the City's deposits with the city depository were \$1,298,925 and the bank balance was \$1,313,159. Of the bank balance, \$250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a book value of \$1,941,866 and a market value of \$1,951,219. Funds were fully insured and collateralized.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

Investments – The City is required by Government Code Chapter 2256, the Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City adhered to the requirements of the Act in all material respects. Additionally, investment practices of the City were in accordance with local policies.

The Act determines the types of investments which are allowable for the City. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

Total deposits and investments held by the City as of September 30, 2014 were:

Petty Cash	\$ 1,438
Certificate of Deposit	201,662
Cash in Bank Depository	1,298,925
Total Insured/Collateralized	1,502,025
TexPool - a local government investment pool	1,840,416
Lone Star Pool - a local government investment pool	408,723
	\$ 3,751,164

Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The City’s investments in Pools are reported at an amount determined by the fair value per share of the pool’s underlying portfolio, unless the pool is a 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.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

GASB Statement 40 requires additional disclosures addressing other common risks of deposits and investments as follows:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the City was not significantly exposed to credit risk.

At September 30, 2014, the City's investments were in TexPool and Lone Star Investment Pool, which are public funds investment pools where all securities held to maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investment securities are exposed to custodial credit risk if securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name.

At year end, the City was not exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City had no exposure to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE C -- RECEIVABLES

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

	Governmental Funds				Total
	General Fund	Crime Control & Prevention District	Other Nonmajor Funds	Sewer Operations Maintenance	
<i>Receivables:</i>					
Property Taxes	\$ 20,765	\$ -	\$ 1,166	\$ -	\$ 21,931
Allowance for Uncollectibles	(3,970)	-	(350)	-	(4,320)
Occupancy Taxes	-	-	13,882	-	13,882
Sales Tax	250,267	116,892	-	-	367,159
Franchise Taxes	7,268	-	-	-	7,268
Grant Receivable	-	-	46,400	-	46,400
Forfeiture Receivable	-	-	33,702	-	33,702
Accounts	-	-	-	50,401	50,401
Other	30,392	-	2,089	-	32,481
Net Total Receivables	<u>\$ 304,722</u>	<u>\$ 116,892</u>	<u>\$ 96,889</u>	<u>\$ 50,401</u>	<u>\$ 568,904</u>

NOTE D -- PROPERTY TAX

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A reevaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2013, upon which the fiscal 2014 levy was based, was \$208,935,074 (i.e., market value less exemptions). The estimated appraised value was \$216,510,307, making the taxable value 96.5% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2014, was \$0.572199 per \$100 of assessed value which means that the City has a tax margin of \$1.927801 for each \$100 value and could increase its annual tax levy by approximately \$4,027,852 based upon the present assessed valuation of \$208,935,074 before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE E -- DUE TO/FROM OTHER FUNDS

As of September 30, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From	Due To
General Fund:		
Other NonMajor Governmental Fund	\$ 34,188	\$ -
Sewer Operations & Maintenance Fund	34,602	
Other NonMajor Governmental Fund:		
General Fund	12,212	
General Fund		46,400
Sewer Operations & Maintenance Fund:		
General Fund	-	34,602
	\$ 81,002	\$ 81,002

NOTE F -- TRANSFERS BETWEEN FUNDS

Transfers between funds during the year ended September 30, 2014 were as follows:

	Transfer In	Transfer Out	Purpose
General Fund:			
Other NonMajor Governmental Fund	\$ 125,000	\$ -	Funding for Operational Expenses
Capital Projects Fund	-	249,848	Funding for Capital Replacement
Crime Control & Prevention Fund:			
Other NonMajor Governmental Fund	-	223,388	Funding for Debt Payments
Capital Projects Fund:			
General Fund	249,848	-	Funding for Capital Replacement
NonMajor Funds:			
Crime Control & Prevention Fund	223,388	-	Funding for Debt Payments
General Fund	-	125,000	Funding for Operational Expenses
	\$ 598,236	\$ 598,236	

NOTE G -- ADVANCES BETWEEN FUNDS

The City agreed to advance funds from the Hotel/Motel Fund to the General Fund at zero percent interest to cover expenditures related to the Master Plan and Zoning Ordinance. The total funds advanced of \$192,000 are to be repaid to the Hotel/Motel Fund evenly over ten years. As of September 30, 2014, \$67,568 was the amount still to be repaid to the Hotel/Motel Fund.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE H -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2013	Additions	Disposals	Balance 9/30/2014
Land	\$ 604,672	\$ -	\$ -	\$ 604,672
Construction in Progress	100,979	583,207	(613,455)	70,731
Total Assets Not Depreciated	<u>705,651</u>	<u>583,207</u>	<u>(613,455)</u>	<u>675,403</u>
Buildings and Improvements	2,953,360	-	-	2,953,360
Streets & Drainage	2,898,512	613,455	-	3,511,967
Transportation & Equipment	2,177,163	206,039	-	2,383,202
Totals at Historical Cost	<u>8,029,035</u>	<u>819,494</u>	<u>-</u>	<u>8,848,529</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,145,908)	(58,369)	-	(1,204,277)
Streets and Grounds	(729,412)	(38,185)	-	(767,597)
Transportation and Equipment	(1,408,339)	(197,702)	-	(1,606,041)
	<u>(3,283,659)</u>	<u>(294,256)</u>	<u>-</u>	<u>(3,577,915)</u>
Governmental Capital Assets, Net	<u>\$ 5,451,027</u>	<u>\$ 1,108,445</u>	<u>\$ (613,455)</u>	<u>\$ 5,946,017</u>
<u>Business-Type Activities</u>	Balance 10/1/2013	Additions	Disposals	Balance 9/30/2014
Improvements Other Than Buildings	\$ 119,124	\$ -	\$ -	119,124
	<u>119,124</u>	<u>-</u>	<u>-</u>	<u>119,124</u>
Less Accumulated Depreciation:				
Improvement Other Than Buildings	(43,335)	(2,382)	-	(45,717)
	<u>(43,335)</u>	<u>(2,382)</u>	<u>-</u>	<u>(45,717)</u>
Business-Type Capital Assets, Net	<u>\$ 75,789</u>	<u>\$ (2,382)</u>	<u>\$ -</u>	<u>\$ 73,407</u>

Depreciation Expense was charged to the governmental functions as follows:

General Government	\$ 3,987
Public Safety	199,308
Public Works	81,232
Culture & Recreation	9,729
Total Depreciation Expense -	
Governmental Activities	<u>\$ 294,256</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LONG-TERM DEBT

The changes in general long-term debt during the year are summarized as follows:

	Original Amount	Interest Rates	Balance Outstanding 10/1/2013	Additions	Retirements	Balance Outstanding 9/30/2014	Due Within One Year
Governmental Activities							
<i>General Obligation Bonds:</i>							
2009 Refunding General Obligation Bonds	\$ 1,229,000	4.1-5.4%	\$ 259,000	\$ -	\$ (259,000)	\$ -	\$ -
2011 Refunding General Obligation Bonds	\$ 584,000		482,000	-	(53,000)	429,000	55,000
<i>Liability for Employee:</i>							
Compensated Absences			159,912	85,922	(79,956)	165,878	82,939
<i>Total Long-Term Debt</i>			<u>\$ 900,912</u>	<u>\$ 85,922</u>	<u>\$ (391,956)</u>	<u>\$ 594,878</u>	<u>\$ 137,939</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

The general long-term debt bonds mature serially through 2021 as follows:

Year Ending September 30	Principal	Interest	Total
2015	\$ 55,000	\$ 10,600	\$ 65,600
2016	57,000	9,121	66,121
2017	59,000	7,590	66,590
2018	61,000	6,006	67,006
2019	63,000	4,369	67,369
2020 - 2021	134,000	3,564	137,564
	<u>\$ 429,000</u>	<u>\$ 41,250</u>	<u>\$ 470,250</u>

General Obligation Bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the City. The City has provided for and maintained the Debt Service fund as required under the General Obligation Ordinance.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS

A. Plan Description

The City provides pension benefits for all of its eligible employees through a nontraditional joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling (800) 924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7.0%	7.0%
Matching Ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating,	100% Repeating,
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

B. Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on the behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2013, valuation is effective for rates beginning January 2015.) The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	\$ 403,336
2. Interest on Net Pension Obligation	14,581
3. Adjustment to the ARC	<u>(13,111)</u>
4. Annual Pension Cost (APC)	404,806
5. Contributions Made	<u>(403,842)</u>
6. Increase (Decrease) in Net Pension Obligation	964
7. Net Pension Obligation / (Asset), Beginning of Year	<u>208,292</u>
8. Net Pension Obligation / (Asset), End of Year	<u><u>\$ 209,256</u></u>

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
2014	\$ 404,806	\$ 403,842	100%	209,256
2013	384,055	383,519	100%	208,292
2012	397,588	379,069	95%	207,756
2011	408,059	338,686	83%	189,237
2010	335,018	269,260	80%	119,864
2009	316,225	262,119	83%	54,106

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	December 31, 2011	December 31, 2012	December 31, 2013
Actuarial Valuation Date	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Actuarial Cost Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Method	26.3 years - Closed Period	25.8 years - Closed Period	30 years - Closed Period
Remaining Amortization Period	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Asset Valuation Method	7.0%	7.0%	7.0%
Investment Rate of Return	Varies by age and service	Varies by age and service	Varies by age and service
Projected Salary Increases	3.0%	3.0%	3.0%
Inflation Rate	2.1%	2.1%	2.1%
Cost of Living Adjustments			

Funded Status and Funding Progress –

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE J -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Unfunded AAL	Covered Payroll	UAAL as a Percentage of Covered
12/31/2013	\$11,110,426	\$14,518,013	76.5%	\$ 3,407,587	\$ 2,435,300	139.9%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used to include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

C. Other Post-Employment Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post-employment benefit," or OPEB.

The City's contributions to the TMRS SDBF for the years ended September 30, 2014, 2013, and 2012 were \$4,026, \$3,973, and \$3,967, respectively, which equaled the required contributions each year.

NOTE K -- SUMMARY DISCLOSURES OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Risk Management

The City has identified possible risk of losses arising from events such as the following:

1. Torts.
2. Theft of, damage to, or destruction of assets.
3. Errors and omissions.
4. Job-related illnesses or injuries to employees.
5. Acts of God.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE K -- SUMMARY DISCLOSURES OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES
 (Continued)

Risk Management (Continued)

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2014, were \$113,545.

Litigation

The City is the subject of various claims and litigation from time to time that arise in the course of its operations. Management is of the opinion that any proceedings known to exist as of September 30, 2014 are not likely to have a material adverse effect on the City's financial position.

Commitments – 380/381 Development Agreements

The City of Balcones Heights entered into a 381 Development agreement with Bexar County effective October 1, 2014 in order to obtain funding to administer grant proceeds to Community Housing Resource Partners pursuant to a 380 Development agreement in the amount of \$1,500,000 over the span of five years.

Commitments – Leases

The City entered into a renewed lease for administrative space for the Visitor Center in Crossroads Mall. The lease is for a term of one year beginning August 15, 2011 with four one-year options, and is cancelable upon written notice to the lessor with 180 days' notice. Future minimum rentals under the lease are as follows:

<u>Years Ending September 30</u>	
2015	<u>\$ 16,142</u>
Total	<u><u>\$ 16,142</u></u>

The City entered into a ground lease with Balcones Lofts, Ltd. for the property located at Hillcrest and Gentlemen Drive for the development, marketing for lease, and leasing of eighty-four residential units, of which fifty will be affordable units and 4,000 square feet of commercial space. The lease is for a term of sixty-six years beginning June 24, 2014 and scheduled to terminate on July 1, 2080. There are no future minimum rentals as the agreement does not include monetary rental payments.

NOTE L -- CONDUIT DEBT

The Balcones Heights Cultural Education Facilities Finance Corporation (the "Corporation") was formed to provide tax-exempt funding to the YMCA. Frost Bank is providing funding to the Corporation, through promissory notes in the amount of \$4,640,000 and \$2,240,000, to assist the YMCA in building health facilities in Balcones Heights. The outstanding balances of the notes as of September 30, 2014 were \$3,525,992 and \$1,690,624 respectively. The City of Balcones Heights has no obligation for repayment of the loans.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE M -- CONVENTION CENTER DEVELOPMENT AGREEMENT

In December 2004, the City entered into an agreement with a local business to loan funds for the purpose of developing a Conference Center/Ballroom at Crossroads. The total amount funded, through the collection of Hotel/Motel Occupancy Tax (HOT) revenue, up to \$750,000 was for construction and professional services.

The agreement required the local business to pay back the funds loaned over time. In the event the business terminates its lease agreement with the owner of the property, the business will be required to repay the City its HOT funds computed by using the straight line depreciation with the life of the improvements (10 years).

Revenue received under the agreement for the year ended September 30, 2014 amounted to \$60,914.

The remaining profit sharing percentages, minimum guaranteed payments, and minimum payments in event of termination are as follows:

<u>Year Ending September 30</u>	<u>Profit Sharing Percentage</u>	<u>Minimum Guaranteed</u>	<u>Minimum Payment Upon Termination</u>
2014	3.00%	\$ 55,000	\$ 150,000
2015	3.00%	55,000	75,000
2016	2.00%	50,000	-
2017	2.00%	50,000	-
2018	2.00%	50,000	-
2019	2.00%	50,000	-
2020	2.00%	50,000	-
Minimum Guaranteed Future Revenue		<u>\$ 360,000</u>	

NOTE N -- PLEDGED REVENUE

The Balcones Heights Crime Control and Prevention District entered into an agreement with the City for the construction of and operation of a Justice Center to be occupied and used by Balcones Heights Police Department, Municipal Courts and City Administration offices. Pursuant to the agreement, the City issued Certificates of Obligation in the amount of \$2,845,000 to fund construction of the Center. The District has pledged current and future sales tax revenue for the repayment of the debt associated with the construction and operation of the Center. Pledged revenue for the years ended September 30, 2014 and 2013 were \$223,388 and \$267,595, respectively.

NOTE O -- RELATED PARTY

Madeline Slay, Councilwoman is the spouse of the President of Slay Engineering. The City paid Slay Engineering \$76,699 for services during the year. Councilwoman Slay abstained from voting for the renewal of the contract for the City Engineer.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2014

NOTE P -- PRIOR PERIOD ADJUSTMENT

The following adjustment is necessary to correct an error recorded in the financial statements for the year ending September 30, 2013.

	Business-Type Activities	Sewer Operations & Maintenance Fund
Beginning Net Position	\$ 53,748	\$ 53,748
Overstated Accounts Payable	36,769	36,769
Restated Beginning Net Position	<u>\$ 90,517</u>	<u>\$ 90,517</u>

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Crime Control & Prevention District
- Schedule of Funding Progress – Defined Benefit

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2013)

REVENUES	Budget Amounts		Actual 2014	Variance With Final Budget- Positive (Negative)	Actual 2013
	Original	Final			
<i>Taxes:</i>					
Ad Valorem Tax	\$ 1,112,017	\$ 1,112,017	\$ 1,128,353	\$ 16,336	\$ 1,140,576
Penalty & Interest	6,000	6,000	5,611	(389)	5,202
City Sales Tax	1,400,000	1,400,000	1,432,219	32,219	1,360,264
Franchise Taxes	298,500	299,000	327,991	28,991	288,083
Mixed Beverage	30,000	30,000	35,201	5,201	28,924
<i>Total Taxes</i>	<u>2,846,517</u>	<u>2,847,017</u>	<u>2,929,375</u>	<u>82,358</u>	<u>2,823,049</u>
<i>Licenses and Permits</i>	<u>112,000</u>	<u>118,500</u>	<u>104,203</u>	<u>(14,297)</u>	<u>85,109</u>
<i>Intergovernmental Revenues</i>	<u>-</u>	<u>1,950</u>	<u>1,937</u>	<u>(13)</u>	<u>-</u>
<i>Charges for Services:</i>					
Court Fees & Charges	59,000	59,000	46,606	(12,394)	50,212
Other	13,150	11,950	13,944	1,994	8,179
<i>Total Charges for Services</i>	<u>72,150</u>	<u>70,950</u>	<u>60,550</u>	<u>(10,400)</u>	<u>58,391</u>
<i>Fines and Forfeitures</i>	<u>1,167,437</u>	<u>1,112,437</u>	<u>1,068,600</u>	<u>(43,837)</u>	<u>1,026,038</u>
<i>Other Sources:</i>					
Interest	1,150	1,150	619	(531)	1,253
Miscellaneous	62,500	76,800	91,830	15,030	109,292
<i>Total Other Sources</i>	<u>63,650</u>	<u>77,950</u>	<u>92,449</u>	<u>14,499</u>	<u>110,545</u>
Total Revenues	<u>\$ 4,261,754</u>	<u>\$ 4,228,804</u>	<u>\$ 4,257,114</u>	<u>\$ 28,310</u>	<u>\$ 4,103,132</u>

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL (CONTINUED)
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2013)

EXPENDITURES	Budget Amounts		Actual 2014	Variance With	Actual 2013
	Original	Final		Final Budget- Positive (Negative)	
<i>General Government:</i>					
Mayor/City Council	\$ 88,067	\$ 88,350	\$ 84,390	\$ 3,960	\$ 64,348
Secretary/Treasurer	486,703	496,703	488,188	8,515	440,994
Municipal Court	231,141	231,140	200,054	31,086	201,487
Public Facilities	41,000	41,500	42,428	(928)	41,079
Economic Development	-	-	10,400	(10,400)	54,600
Non-Departmental	108,998	108,998	104,532	4,466	72,618
<i>Total General Government</i>	<u>955,909</u>	<u>966,691</u>	<u>929,992</u>	<u>36,699</u>	<u>875,126</u>
<i>Public Safety:</i>					
Police Department	889,340	869,047	862,202	6,845	979,781
Traffic Safety Administration	782,437	782,437	821,658	(39,221)	748,771
Communications	256,192	273,893	255,533	18,360	243,120
Fire Department	1,273,769	1,273,769	1,183,550	90,219	1,157,382
Capital Outlay	30,000	30,400	30,715	(315)	4,490
<i>Total Public Safety</i>	<u>3,231,738</u>	<u>3,229,546</u>	<u>3,153,658</u>	<u>75,888</u>	<u>3,133,544</u>
<i>Public Works:</i>					
Building Department	89,707	89,708	91,129	(1,421)	75,467
Streets & Grounds	130,714	130,713	106,022	24,691	113,592
Animal Control	2,350	2,350	435	1,915	-
Weed and Pest Control	250	250	87	163	42
<i>Total Public Works</i>	<u>223,021</u>	<u>223,021</u>	<u>197,673</u>	<u>25,348</u>	<u>189,101</u>
<i>Health and Welfare:</i>					
Health Department	12,000	12,000	12,000	-	12,000
<i>Total Health and Welfare</i>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
<i>Culture and Recreation:</i>					
Parks and Playground	4,750	8,750	8,050	700	507
Community Center	4,200	4,200	3,142	1,058	1,488
Community Initiatives	92,716	92,717	64,339	28,378	66,778
<i>Total Culture & Recreation</i>	<u>101,666</u>	<u>105,667</u>	<u>75,531</u>	<u>30,136</u>	<u>68,773</u>
Total Expenditures	<u>\$ 4,524,334</u>	<u>\$ 4,536,925</u>	<u>\$ 4,368,854</u>	<u>\$ 168,071</u>	<u>\$ 4,278,544</u>

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL (CONTINUED)
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2013)

	<u>Budget Amounts</u>		<u>Actual 2014</u>	Variance With	<u>Actual 2013</u>
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)	
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (262,580)</u>	<u>\$ (308,121)</u>	<u>\$ (111,740)</u>	<u>\$ 196,381</u>	<u>\$ (175,412)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	262,580	262,580	125,000	(137,580)	426,440
Transfers Out	-	-	(249,848)	(249,848)	-
Proceeds from Disposal of Assets	-	-	-	-	8,500
TOTAL OTHER FINANCING SOURCES (USES)	<u>262,580</u>	<u>262,580</u>	<u>(124,848)</u>	<u>(387,428)</u>	<u>434,940</u>
Net Change in Fund Balance	-	(45,541)	(236,588)	(191,047)	259,528
Fund Balance - October 1	<u>1,828,938</u>	<u>1,828,938</u>	<u>1,828,938</u>	-	<u>1,569,410</u>
Fund Balance - September 30	<u><u>\$ 1,828,938</u></u>	<u><u>\$ 1,783,397</u></u>	<u><u>\$ 1,592,350</u></u>	<u><u>\$ (191,047)</u></u>	<u><u>1,828,938</u></u>

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 CRIME CONTROL AND PREVENTION DISTRICT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2013)

	Budget Amounts		Actual 2014	Variance With Final Budget- Positive (Negative)	Actual 2013
	Original	Final			
REVENUES					
Sales Tax	\$ 670,000	\$ 670,000	\$ 704,097	\$ 34,097	\$ 701,526
Interest Income	150	150	35	(115)	89
TOTAL REVENUES	<u>670,150</u>	<u>670,150</u>	<u>704,132</u>	<u>33,982</u>	<u>701,615</u>
EXPENDITURES					
<i>Current:</i>					
Personnel	525,027	525,027	489,661	35,366	298,125
Administrative	9,250	9,250	8,038	1,212	7,147
Facilities Operating	65,150	65,150	71,611	(6,461)	82,120
TOTAL EXPENDITURES	<u>599,427</u>	<u>599,427</u>	<u>569,310</u>	<u>30,117</u>	<u>387,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>70,723</u>	<u>70,723</u>	<u>134,822</u>	<u>64,099</u>	<u>314,223</u>
OTHER FINANCING SOURCES (USES)					
Transfer (Out) to Primary Government	(268,215)	(268,215)	(223,388)	44,827	(263,595)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(268,215)</u>	<u>(268,215)</u>	<u>(223,388)</u>	<u>44,827</u>	<u>(263,595)</u>
Net Change in Fund Balance	(197,492)	(197,492)	(88,566)	108,926	50,628
Fund Balance - October 1	325,943	325,943	325,943	-	275,315
Fund Balance - September 30	<u>\$ 128,451</u>	<u>\$ 128,451</u>	<u>\$ 237,377</u>	<u>\$ 108,926</u>	<u>\$ 325,943</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2014

Budgetary Information – Budgets are prepared in accordance with accounting principles generally accepted in the United States of America. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund, Debt Service Fund, and Special Revenue Funds, which includes the Crime Control and Prevention District. Capital Projects and the Grant Funds have project-length budgets.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 ANALYSIS OF FUNDING PROGRESS
 LAST TEN CALENDAR YEARS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2004	\$ 4,430,272	\$ 4,888,380	90.6%	\$ 458,108	\$ 1,371,026	33.4%
2005	4,085,068	5,012,064	81.5%	926,456	1,836,240	50.5%
2006	4,558,773	5,635,781	80.9%	1,077,008	1,593,060	67.6%
2007	4,050,932	6,586,640	61.5%	2,535,708	1,624,533	156.1%
2008	4,132,975	6,994,231	59.1%	2,861,256	2,056,023	139.2%
2009	3,705,140	6,762,909	54.8%	3,057,769	2,047,469	149.3%
2010	9,168,695	11,705,899	78.3%	2,537,204	2,089,265	121.4%
2011	9,826,383	12,466,605	78.8%	2,640,222	2,341,958	112.7%
2012	10,361,224	13,413,546	77.2%	3,052,322	2,525,150	120.9%
2013	11,110,426	14,518,013	76.5%	3,407,587	2,435,300	139.9%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated cost as of December 31 of the preceding year.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Balance Sheet – General Fund
- Comparative Balance Sheet – Crime Control & Prevention District Fund
- Combining Statements – Nonmajor Governmental Funds

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 1,755,115	\$ 2,124,900
Receivables (net of allowances for uncollectibles):		
Taxes	16,795	18,932
Due from Other Governments	257,535	238,653
Miscellaneous	30,392	46,230
Due from Other Funds	68,790	-
Prepaid Items	16,051	237
TOTAL ASSETS	\$ 2,144,678	\$ 2,428,952
LIABILITIES		
Accounts Payable	\$ 177,142	\$ 207,088
Accrued Expenditures	69,815	68,339
Due to Other Funds	-	10,298
Advance from Other Funds	67,568	86,754
Due to Other Governments	221,008	208,603
Total Liabilities	535,533	581,082
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues	16,795	18,932
Total Deferred Inflows of Resources	16,795	18,932
FUND BALANCE		
<i>Nonspendable:</i>		
Prepays	16,051	237
<i>Restricted:</i>		
Police & Security	6,247	8,218
PEG Capital Fees	17,022	11,839
<i>Assigned:</i>		
Street Maintenance	321,555	303,771
Economic Development	10,000	20,400
<i>Unassigned</i>	1,221,475	1,484,473
Total Fund Balances	1,592,350	1,828,938
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 2,144,678	\$ 2,428,952

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE BALANCE SHEETS
 CRIME CONTROL & PREVENTION DISTRICT FUND
 SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Cash and Investments	\$ 133,562	\$ 228,620
Receivables (net of allowances for uncollectibles):		
Due from Other Governments	116,892	111,327
Prepaid Items	2,900	-
TOTAL ASSETS	\$ 253,354	\$ 339,947
LIABILITIES		
Accounts Payable	\$ 9,655	\$ 8,581
Accrued Expenditures	6,322	5,423
Total Liabilities	15,977	14,004
FUND BALANCE		
<i>Nonspendable:</i>		
Prepays	2,900	-
<i>Restricted:</i>		
Crime Control & Prevention	234,477	325,943
Total Fund Balances	237,377	325,943
TOTAL LIABILITIES & FUND BALANCE	\$ 253,354	\$ 339,947



CITY OF BALCONES HEIGHTS, TEXAS
COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

The Debt Service Fund accounts for revenues specifically restricted by law for debt retirement (i.e.: ad valorem tax).

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted (either legally or by Council designation) to expenditure for a specific purpose.

Federal Asset Forfeiture – To account for forfeited assets to be used to supplement law enforcement.

State Asset Forfeiture – To account for forfeited assets to be used to supplement law enforcement.

Traffic Safety Fund – To account for fines from traffic violations from red light cameras.

Hotel/Motel Tax Fund – To account for the occupancy tax assessed to fund tourism and economic development in the City.

Child Safety Fund – To account for fines from traffic violations in designated school zones to be spent for increased child safety.

Impound Facility Fund – To account for the revenues received for impound services offered by the City to restricted for police related expenditures.

Impound Auction Fund – To account for the revenues received through auctions of impounded vehicles restricted for police related expenditures.

Security and Technology Fund – To account for revenues from court fines restricted to improving municipal court security and technology.

Grant Funds – To account for revenues received from grants for project based reimbursements.

CITY OF BALCONES HEIGHTS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Debt Service Fund	Federal Asset Forfeiture	State Asset Forfeiture	Traffic Safety Fund
ASSETS				
Cash and Investments	\$ 53,732	\$ 95,702	\$ 26,215	\$ 123,877
Taxes Receivable	816	-	-	-
Other Receivables	-	33,702	-	1,158
Due from Other Funds	12,212	-	-	-
Advance to Other Funds	-	-	-	-
Prepaid Items	-	-	-	1,532
Total Assets	\$ 66,760	\$ 129,404	\$ 26,215	\$ 126,567
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,803
Accrued Expenditures	-	-	-	8,124
Due to Other Funds	-	-	-	-
Total Liabilities	-	-	-	14,927
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	816	-	-	-
Total Deferred Inflows of Resources	816	-	-	-
FUND BALANCE				
<i>Non Spendable:</i>				
Prepaid Items	-	-	-	1,532
Interfund Advance	-	-	-	-
<i>Restricted:</i>				
Debt Service	65,944	-	-	-
Hotel/Motel	-	-	-	-
Police & Security	-	129,404	26,215	-
Traffic Safety	-	-	-	110,108
<i>Assigned:</i>				
Impound Facility & Auction	-	-	-	-
<i>Unassigned</i>				
Total Fund Balance	65,944	129,404	26,215	111,640
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE				
	\$ 66,760	\$ 129,404	\$ 26,215	\$ 126,567

<u>Hotel/Motel Tax Fund</u>	<u>Child Safety Fund</u>	<u>Impound Facility Fund</u>	<u>Impound Auction Fund</u>	<u>Security and Technology Fund</u>	<u>Grant Funds</u>	<u>Total 2014</u>
\$ 325,734	\$ 24,959	\$ 139,843	\$ 28,259	\$ 16,024	\$ -	\$ 834,345
13,882	-	-	-	-	-	14,698
12	-	881	38	-	46,400	82,191
-	-	-	-	-	-	12,212
67,568	-	-	-	-	-	67,568
852	-	-	-	-	-	2,384
<u>\$ 408,048</u>	<u>\$ 24,959</u>	<u>\$ 140,724</u>	<u>\$ 28,297</u>	<u>\$ 16,024</u>	<u>\$ 46,400</u>	<u>\$ 1,013,398</u>
\$ 3,148	\$ 193	\$ 4,029	\$ -	\$ -	\$ -	\$ 14,173
2,106	-	-	-	446	-	10,676
-	-	-	-	-	46,400	46,400
<u>5,254</u>	<u>193</u>	<u>4,029</u>	<u>-</u>	<u>446</u>	<u>46,400</u>	<u>71,249</u>
-	-	-	-	-	-	816
-	-	-	-	-	-	816
852	-	-	-	-	-	2,384
48,383	-	-	-	-	-	48,383
-	-	-	-	-	-	65,944
353,559	-	-	-	-	-	353,559
-	24,766	-	-	32,151	-	212,536
-	-	-	-	-	-	110,108
-	-	136,695	28,297	-	-	164,992
-	-	-	-	(16,573)	-	(16,573)
<u>402,794</u>	<u>24,766</u>	<u>136,695</u>	<u>28,297</u>	<u>15,578</u>	<u>-</u>	<u>941,333</u>
<u>\$ 408,048</u>	<u>\$ 24,959</u>	<u>\$ 140,724</u>	<u>\$ 28,297</u>	<u>\$ 16,024</u>	<u>\$ 46,400</u>	<u>\$ 1,013,398</u>

CITY OF BALCONES HEIGHTS, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Debt Service Fund	Federal Asset Forfeiture	State Asset Forfeiture	Traffic Safety Fund
REVENUES				
Ad Valorem Tax	\$ 65,407	\$ -	\$ -	\$ -
Occupancy Tax	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	48,824	1,442	317,968
Interest/Misc. Income	20	1	2	3
TOTAL REVENUES	<u>65,427</u>	<u>48,825</u>	<u>1,444</u>	<u>317,971</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	5,947	3	240,480
Health & Welfare	-	-	-	-
Culture & Recreation	-	-	-	-
Capital Outlay	-	104,846	-	46,719
Debt Service:				
Principal	312,000	-	-	-
Interest and Fiscal Charges	27,792	-	-	-
TOTAL EXPENDITURES	<u>339,792</u>	<u>110,793</u>	<u>3</u>	<u>287,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(274,365)</u>	<u>(61,968)</u>	<u>1,441</u>	<u>30,772</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	223,388	-	-	-
Transfer Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>223,388</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(50,977)	(61,968)	1,441	30,772
Beginning Fund Balance - October 1	<u>116,921</u>	<u>191,372</u>	<u>24,774</u>	<u>80,868</u>
Ending Fund Balance - September 30	<u>\$ 65,944</u>	<u>\$ 129,404</u>	<u>\$ 26,215</u>	<u>\$ 111,640</u>

<u>Hotel/Motel Tax Fund</u>	<u>Child Safety Fund</u>	<u>Impound Facility Fund</u>	<u>Impound Auction Fund</u>	<u>Security and Technology Fund</u>	<u>Grant Funds</u>	<u>Total 2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,407
226,349	-	-	-	-	-	226,349
-	-	-	-	-	226,405	226,405
-	-	201,914	55,450	-	-	257,364
-	3,495	-	-	12,430	-	384,159
1,762	2	13	7	2	-	1,812
<u>228,111</u>	<u>3,497</u>	<u>201,927</u>	<u>55,457</u>	<u>12,432</u>	<u>226,405</u>	<u>1,161,496</u>
-	-	-	-	24,845	-	24,845
-	-	57,733	10,920	-	-	315,083
-	967	-	-	-	-	967
174,816	-	-	-	-	-	174,816
-	-	-	-	-	226,405	377,970
-	-	-	-	-	-	312,000
-	-	-	-	-	-	27,792
<u>174,816</u>	<u>967</u>	<u>57,733</u>	<u>10,920</u>	<u>24,845</u>	<u>226,405</u>	<u>1,233,473</u>
<u>53,295</u>	<u>2,530</u>	<u>144,194</u>	<u>44,537</u>	<u>(12,413)</u>	<u>-</u>	<u>(71,977)</u>
-	-	-	-	-	-	223,388
-	-	(75,000)	(50,000)	-	-	(125,000)
-	-	(75,000)	(50,000)	-	-	98,388
53,295	2,530	69,194	(5,463)	(12,413)	-	26,411
349,499	22,236	67,501	33,760	27,991	-	914,922
<u>\$ 402,794</u>	<u>\$ 24,766</u>	<u>\$ 136,695</u>	<u>\$ 28,297</u>	<u>\$ 15,578</u>	<u>\$ -</u>	<u>\$ 941,333</u>



CITY OF BALCONES HEIGHTS, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2014

This part of the City of Balcones Heights' annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Balcones Heights' overall financial health.

Financial Trends

Net Position by Component
Change in Net Position
Fund Balances, Governmental Funds
Changes in Fund Balances, Governmental Funds

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

Tax Revenues by Source, Governmental Funds
Property Tax Levies and Collections
Direct and Overlapping Property Tax Rates
Assessed Taxable Values
Principal Property Taxpayers

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax.

Debt Capacity

Ratios of Outstanding Debt by Type
Legal Debt Margin

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

Demographic and Economic Statistics
Principal Employers

These schedules offer demographic and economic indicators to help the reader understand how the City's financial activities take place and to help make comparisons over time with other governments.

CITY OF BALCONES HEIGHTS, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
NET POSITION				
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 1,588,660	\$ 1,570,744	\$ 2,368,441	\$ 2,533,252
Restricted	222,933	305,712	321,380	328,270
Unrestricted	1,489,149	2,148,471	2,545,478	3,302,167
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 3,300,742</u>	<u>\$ 4,024,927</u>	<u>\$ 5,235,299</u>	<u>\$ 6,163,689</u>
<i>Business-Type Activities:</i>				
Net Investment in Capital Assets	\$ 94,848	\$ 92,465	\$ 90,083	\$ 87,700
Restricted	-	-	-	-
Unrestricted	524,269	605,313	683,195	165,648
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 619,117</u>	<u>\$ 697,778</u>	<u>\$ 773,278</u>	<u>\$ 253,348</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 1,683,508	\$ 1,663,209	\$ 2,458,524	\$ 2,620,952
Restricted	222,933	305,712	321,380	328,270
Unrestricted	2,013,418	2,753,784	3,228,673	3,467,815
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 3,919,859</u>	<u>\$ 4,722,705</u>	<u>\$ 6,008,577</u>	<u>\$ 6,417,037</u>

NOTE: 2013 has been restated to reflect prior period adjustment in Note P.

TABLE 1

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,981,397	\$ 3,251,453	\$ 3,480,618	\$ 4,412,898	\$ 4,715,596	\$ 5,517,017
285,014	491,639	559,418	532,320	819,550	1,051,900
<u>3,029,187</u>	<u>3,124,305</u>	<u>2,925,252</u>	<u>2,652,072</u>	<u>3,035,399</u>	<u>2,355,569</u>
<u>\$ 6,295,598</u>	<u>\$ 6,867,397</u>	<u>\$ 6,965,288</u>	<u>\$ 7,597,290</u>	<u>\$ 8,570,545</u>	<u>\$ 8,924,486</u>
\$ 85,317	\$ 82,935	\$ 80,553	\$ 78,171	\$ 75,789	\$ 73,407
-	-	-	-	-	-
<u>91,278</u>	<u>64,799</u>	<u>78,455</u>	<u>64,914</u>	<u>14,728</u>	<u>2,640</u>
<u>\$ 176,595</u>	<u>\$ 147,734</u>	<u>\$ 159,008</u>	<u>\$ 143,085</u>	<u>\$ 90,517</u>	<u>\$ 76,047</u>
\$ 3,066,714	\$ 3,334,388	\$ 3,561,171	\$ 4,491,069	\$ 4,791,385	\$ 5,590,424
285,014	491,639	559,418	532,320	819,550	1,051,900
<u>3,120,465</u>	<u>3,189,104</u>	<u>3,003,707</u>	<u>2,716,986</u>	<u>3,050,127</u>	<u>2,358,209</u>
<u>\$ 6,472,193</u>	<u>\$ 7,015,131</u>	<u>\$ 7,124,296</u>	<u>\$ 7,740,375</u>	<u>\$ 8,661,062</u>	<u>\$ 9,000,533</u>

CITY OF BALCONES HEIGHTS, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
<i>Governmental Activities:</i>				
General Government	\$ 697,119	\$ 703,850	\$ 871,185	\$ 1,230,688
Public Safety	1,832,246	1,957,249	2,157,766	2,508,393
Public Works	148,637	256,804	153,150	218,044
Health and Welfare	12,039	12,000	12,000	12,000
Culture and Recreation	190,392	184,110	267,544	291,314
Capital Outlay	831,189	-	44,483	80,264
Interest on Long-Term Debt	124,547	111,721	136,114	129,072
<i>Total Governmental Activities Expenses</i>	<u>3,836,169</u>	<u>3,225,734</u>	<u>3,642,242</u>	<u>4,469,775</u>
<i>Business-Type Activities:</i>				
Wastewater	364,146	376,964	356,735	340,655
<i>Total Business-Type Activities Expenses</i>	<u>364,146</u>	<u>376,964</u>	<u>356,735</u>	<u>340,655</u>
Total Primary Government Expenses	<u>\$ 4,200,315</u>	<u>\$ 3,602,698</u>	<u>\$ 3,998,977</u>	<u>\$ 4,810,430</u>
Program Revenues				
<i>Governmental Activities:</i>				
Charges for Service:				
General Government	\$ 54,056	\$ 61,975	\$ 55,756	\$ 157,775
Public Safety	241,361	317,505	726,540	986,414
Public Works	6,125	1,679	2,800	3,920
Culture and Recreation	4,580	5,066	5,415	8,355
Operating Grants and Contributions	121,194	40,464	85,255	1,895
Capital Grant and Contributions	530,691	78,900	408,425	49,686
<i>Total Governmental Activities Program Revenues</i>	<u>958,007</u>	<u>505,589</u>	<u>1,284,191</u>	<u>1,208,045</u>
<i>Business-Type Activities:</i>				
Charges for Service:				
Wastewater	387,970	430,027	399,160	383,695
<i>Total Business-Type Activities Program Revenues</i>	<u>387,970</u>	<u>430,027</u>	<u>399,160</u>	<u>383,695</u>
Total Primary Government Program Revenues	<u>\$ 1,345,977</u>	<u>\$ 935,616</u>	<u>\$ 1,683,351</u>	<u>\$ 1,591,740</u>

NOTE: 2013 has been restated to reflect prior period adjustment in Note P.

Governmental activities include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

TABLE 2

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,156,651	\$ 753,441	\$ 911,411	\$ 1,000,171	\$ 987,456	\$ 1,026,656
3,050,580	3,856,095	4,156,989	4,096,781	4,015,397	4,153,525
330,237	241,882	331,523	244,048	264,227	281,450
12,000	14,949	20,423	13,354	13,073	12,967
309,416	277,075	344,481	256,667	256,089	262,702
20,604	39,460	61,052	-	-	-
109,770	89,193	82,651	58,525	62,419	30,978
<u>4,989,258</u>	<u>5,272,095</u>	<u>5,908,530</u>	<u>5,669,546</u>	<u>5,598,661</u>	<u>5,768,278</u>
<u>376,660</u>	<u>410,710</u>	<u>404,744</u>	<u>458,527</u>	<u>529,576</u>	<u>563,415</u>
<u>376,660</u>	<u>410,710</u>	<u>404,744</u>	<u>458,527</u>	<u>529,576</u>	<u>563,415</u>
<u>\$ 5,365,918</u>	<u>\$ 5,682,805</u>	<u>\$ 6,313,274</u>	<u>\$ 6,128,073</u>	<u>\$ 6,128,237</u>	<u>\$ 6,331,693</u>
\$ 98,040	\$ 173,610	\$ 219,926	\$ 156,698	\$ 288,970	\$ 167,308
1,287,773	2,224,942	2,329,625	1,919,566	1,795,054	1,697,968
450	1,034	1,250	11,806	725	1,400
12,330	7,720	6,852	5,335	5,735	8,200
1,990	37,470	8,909	-	-	1,937
281,080	75,763	5,000	404,886	137,496	226,405
<u>1,681,663</u>	<u>2,520,539</u>	<u>2,571,562</u>	<u>2,498,291</u>	<u>2,227,980</u>	<u>2,103,218</u>
<u>391,671</u>	<u>381,841</u>	<u>416,003</u>	<u>442,596</u>	<u>477,004</u>	<u>548,943</u>
<u>391,671</u>	<u>381,841</u>	<u>416,003</u>	<u>442,596</u>	<u>477,004</u>	<u>548,943</u>
<u>\$ 2,073,334</u>	<u>\$ 2,902,380</u>	<u>\$ 2,987,565</u>	<u>\$ 2,940,887</u>	<u>\$ 2,704,984</u>	<u>\$ 2,652,161</u>

CITY OF BALCONES HEIGHTS, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)

	Fiscal Year			
	2005	2006	2007	2008
Net (Expenses) Revenues				
Governmental Activities	\$(2,878,162)	\$(2,720,145)	\$(2,358,051)	\$(3,261,730)
Business-Type Activities	23,824	53,063	42,425	43,040
Total Primary Government Net (Expenses) Revenues	<u>(2,854,338)</u>	<u>(2,667,082)</u>	<u>(2,315,626)</u>	<u>(3,218,690)</u>
General Revenues and Other Changes in Net Position				
<i>Governmental Activities:</i>				
General Property Taxes	819,974	964,915	978,180	1,040,744
Franchise Taxes	245,910	273,666	268,169	282,575
Sales Taxes	1,549,520	1,694,814	1,760,152	1,722,223
Hotel Occupancy Taxes	190,540	263,560	257,697	306,089
Mixed Beverage Tax	40,787	34,785	39,029	42,163
Interest and Investment Earnings	22,800	93,348	142,647	100,440
Miscellaneous	35,985	38,470	72,549	89,886
Gain on sale of capital assets	-	80,772	50,000	-
Transfers	-	-	-	606,000
<i>Total Governmental Activities</i>	<u>2,905,516</u>	<u>3,444,330</u>	<u>3,568,423</u>	<u>4,190,120</u>
<i>Business-Type Activities:</i>				
Interest and Investment Earnings	13,008	25,598	33,075	43,030
Transfers	-	-	-	(606,000)
<i>Total Business-Type Activities</i>	<u>13,008</u>	<u>25,598</u>	<u>33,075</u>	<u>(562,970)</u>
Change in Net Position				
Governmental Activities	27,354	724,185	1,210,372	928,390
Business-Type Activities	36,832	78,661	75,500	(519,930)
<i>Total Primary Government</i>	<u>\$ 64,186</u>	<u>\$ 802,846</u>	<u>\$ 1,285,872</u>	<u>\$ 408,460</u>

NOTE: 2013 has been restated to reflect prior period adjustment in Note P.

Governmental activities include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund.

TABLE 2 (CON'T)

Fiscal Year					
2009	2010	2011	2012	2013	2014
<u>\$(3,307,595)</u>	<u>\$(2,751,556)</u>	<u>\$(3,336,968)</u>	<u>\$(3,171,255)</u>	<u>\$(3,370,681)</u>	<u>\$(3,665,060)</u>
<u>15,011</u>	<u>(28,869)</u>	<u>11,259</u>	<u>(15,931)</u>	<u>(52,572)</u>	<u>(14,472)</u>
<u>(3,292,584)</u>	<u>(2,780,425)</u>	<u>(3,325,709)</u>	<u>(3,187,186)</u>	<u>(3,423,253)</u>	<u>(3,679,532)</u>
1,099,899	1,118,366	1,154,753	1,180,873	1,220,099	1,197,071
291,202	281,890	285,523	289,779	288,083	327,991
1,598,051	1,609,758	1,715,743	1,897,308	2,061,790	2,136,316
200,329	185,375	167,319	196,051	210,661	226,349
39,673	45,657	34,467	29,259	28,924	35,201
16,888	4,813	3,568	2,854	2,487	2,563
101,381	77,496	73,486	207,133	531,892	93,510
-	-	-	-	-	-
92,081	-	-	-	-	-
<u>3,439,504</u>	<u>3,323,355</u>	<u>3,434,859</u>	<u>3,803,257</u>	<u>4,343,936</u>	<u>4,019,001</u>
317	8	15	8	4	2
<u>(92,081)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(91,764)</u>	<u>8</u>	<u>15</u>	<u>8</u>	<u>4</u>	<u>2</u>
131,909	571,799	97,891	632,002	973,255	353,941
<u>(76,753)</u>	<u>(28,861)</u>	<u>11,274</u>	<u>(15,923)</u>	<u>(52,568)</u>	<u>(14,470)</u>
<u>\$ 55,156</u>	<u>\$ 542,938</u>	<u>\$ 109,165</u>	<u>\$ 616,079</u>	<u>\$ 920,687</u>	<u>\$ 339,471</u>

CITY OF BALCONES HEIGHTS, TEXAS
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
<i>Nonspendable Fund Balance:</i>				
Prepaid Items	\$ 2,765	\$ 15,103	\$ 2,809	\$ 2,992
Interfund Advance	-	-	-	-
<i>Total Nonspendable Fund Balance</i>	<u>2,765</u>	<u>15,103</u>	<u>2,809</u>	<u>2,992</u>
<i>Restricted Fund Balance:</i>				
Crime Control & Prevention	241,509	307,510	390,891	379,067
Debt Service	218,808	236,429	229,136	238,243
Hotel/Motel	536,037	638,797	635,331	688,959
Police & Security	73,365	95,836	124,462	111,521
Traffic Safety	-	-	-	58,079
PEG Capital Fees	-	-	-	-
<i>Total Restricted Fund Balance</i>	<u>1,069,719</u>	<u>1,278,572</u>	<u>1,379,820</u>	<u>1,475,869</u>
<i>Assigned Fund Balance:</i>				
Capital Projects	2,791	2,917	339,651	1,085,206
Street Maintenance	262,063	331,835	190,443	247,253
Economic Development	-	-	-	-
Impound Facility & Auction	-	-	-	-
<i>Total Assigned Fund Balance</i>	<u>264,854</u>	<u>334,752</u>	<u>530,094</u>	<u>1,332,459</u>
Unassigned Fund Balance	<u>438,724</u>	<u>906,233</u>	<u>1,039,214</u>	<u>940,660</u>
<i>Total Governmental Funds</i>	<u><u>\$ 1,776,062</u></u>	<u><u>\$ 2,534,660</u></u>	<u><u>\$ 2,951,937</u></u>	<u><u>\$ 3,751,980</u></u>

GASB Statement No. 54 reporting requirements were implemented in fiscal year 2011. The above information has been retroactively reported.

TABLE 3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,100	\$ 27,706	\$ 335	\$ -	\$ 9,281	\$ 21,335
144,296	125,110	105,939	86,754	67,568	48,383
<u>146,396</u>	<u>152,816</u>	<u>106,274</u>	<u>86,754</u>	<u>76,849</u>	<u>69,718</u>
326,069	275,880	267,192	275,315	325,943	234,477
231,914	235,671	129,006	115,587	116,921	65,944
455,515	395,054	255,920	229,170	281,931	353,559
68,505	174,394	112,135	103,628	286,319	218,783
32,612	79,258	56,522	35,630	80,868	110,108
-	-	-	6,782	11,839	17,022
<u>1,114,615</u>	<u>1,160,257</u>	<u>820,775</u>	<u>766,112</u>	<u>1,103,821</u>	<u>999,893</u>
1,181,435	1,183,682	1,304,632	972,119	1,127,714	994,876
262,333	263,363	279,455	294,767	303,771	321,555
-	-	-	-	20,400	10,000
<u>23,672</u>	<u>143,919</u>	<u>150,973</u>	<u>132,747</u>	<u>101,261</u>	<u>164,992</u>
<u>1,467,440</u>	<u>1,590,964</u>	<u>1,735,060</u>	<u>1,399,633</u>	<u>1,553,146</u>	<u>1,491,423</u>
<u>706,017</u>	<u>933,154</u>	<u>1,114,991</u>	<u>1,250,811</u>	<u>1,472,745</u>	<u>1,204,902</u>
<u>\$ 3,434,468</u>	<u>\$ 3,837,191</u>	<u>\$ 3,777,100</u>	<u>\$ 3,503,310</u>	<u>\$ 4,206,561</u>	<u>\$ 3,765,936</u>

CITY OF BALCONES HEIGHTS, TEXAS
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 2,846,164	\$ 3,238,179	\$ 3,306,131	\$ 3,396,284
Licenses and Permits	38,801	44,656	32,782	135,113
Intergovernmental	648,436	119,364	493,681	51,581
Charges for Services	180,464	225,676	330,643	257,443
Fines and Forfeits	90,307	115,832	427,084	763,907
Interest	53,437	93,405	142,647	100,442
Miscellaneous	5,346	316,934	122,550	92,746
Total Revenues	<u>3,862,955</u>	<u>4,154,046</u>	<u>4,855,518</u>	<u>4,797,516</u>
Expenditures				
General Government	590,894	635,961	869,880	1,219,301
Public Safety	1,828,282	1,971,327	2,025,851	2,313,565
Public Works	76,918	188,719	111,134	149,612
Health and Welfare	12,039	12,000	12,000	26,548
Culture and Recreation	181,027	175,302	263,113	280,725
Capital Projects Outlay	1,385,000	842,197	768,565	388,289
Debt Service:				
Principal	240,390	252,469	254,212	258,763
Interest and Fiscal Charges	121,829	109,171	133,486	126,622
Bond Issue Costs	-	-	-	-
Total Expenditures	<u>4,436,379</u>	<u>4,187,146</u>	<u>4,438,241</u>	<u>4,763,425</u>
Excess of Revenues Over (Under) Expenditures	<u>(573,424)</u>	<u>(33,100)</u>	<u>417,277</u>	<u>34,091</u>
Other Financing Sources (Uses)				
Transfers In	322,769	324,725	653,408	1,097,681
Transfers Out	(322,769)	(324,725)	(653,408)	(491,681)
Proceeds from Disposal of Assets	-	-	-	-
Proceeds of Long-Term Financing	-	791,698	-	159,952
Payments to Refund Agent	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>791,698</u>	<u>-</u>	<u>765,952</u>
Net Change in Fund Balance	<u>\$ (573,424)</u>	<u>\$ 758,598</u>	<u>\$ 417,277</u>	<u>\$ 800,043</u>
Debt Service as a Percentage of Noncapital Expenditures	13.50%	12.10%	11.81%	8.81%

TABLE 4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 3,231,593	\$ 3,238,770	\$ 3,357,928	\$ 3,590,005	\$ 3,808,211	\$ 3,925,228
74,074	141,558	173,175	128,798	85,109	104,203
283,070	113,233	13,909	404,886	137,496	228,342
351,861	870,482	906,263	648,845	489,696	317,914
972,658	1,395,266	1,478,215	1,315,761	1,515,679	1,452,759
16,888	4,813	3,568	2,854	2,487	2,563
101,381	77,496	73,486	178,633	529,586	93,510
<u>5,031,525</u>	<u>5,841,618</u>	<u>6,006,544</u>	<u>6,269,782</u>	<u>6,568,264</u>	<u>6,124,519</u>
1,120,597	739,080	907,593	984,644	977,654	1,026,478
2,867,116	3,641,037	3,905,118	3,886,039	3,796,337	3,935,725
299,351	172,519	257,423	178,145	189,101	197,673
17,119	14,949	20,423	13,354	13,073	12,967
299,253	264,784	333,613	248,751	246,028	250,347
436,818	218,954	219,704	947,137	312,032	802,162
284,652	322,298	281,725	293,000	302,000	312,000
127,420	65,274	64,140	44,377	37,288	27,792
27,492	-	27,345	-	-	-
<u>5,479,818</u>	<u>5,438,895</u>	<u>6,017,084</u>	<u>6,595,447</u>	<u>5,873,513</u>	<u>6,565,144</u>
<u>(448,293)</u>	<u>402,723</u>	<u>(10,540)</u>	<u>(325,665)</u>	<u>694,751</u>	<u>(440,625)</u>
483,135	324,909	566,412	630,635	698,035	598,236
(391,054)	(324,909)	(566,412)	(630,635)	(698,035)	(598,236)
-	-	23,104	51,875	8,500	-
1,229,000	-	584,000	-	-	-
<u>(1,190,300)</u>	<u>-</u>	<u>(656,655)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>130,781</u>	<u>-</u>	<u>(49,551)</u>	<u>51,875</u>	<u>8,500</u>	<u>-</u>
<u>\$ (317,512)</u>	<u>\$ 402,723</u>	<u>\$ (60,091)</u>	<u>\$ (273,790)</u>	<u>\$ 703,251</u>	<u>\$ (440,625)</u>
8.72%	7.42%	6.38%	5.97%	6.07%	5.88%

CITY OF BALCONES HEIGHTS, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales and Use</u>	<u>Occupancy</u>	<u>Franchise</u>	<u>Mixed Beverage</u>	<u>Total</u>
2005	\$ 819,407	\$1,549,520	\$ 190,540	\$ 245,910	\$ 40,787	\$2,846,164
2006	971,354	1,694,814	263,560	273,666	34,785	3,238,179
2007	981,084	1,760,152	257,697	268,169	39,029	3,306,131
2008	1,043,234	1,722,223	278,492	282,575	42,163	3,368,687
2009	1,102,338	1,598,051	200,329	291,202	39,673	3,231,593
2010	1,116,090	1,609,758	185,375	281,890	45,657	3,238,770
2011	1,154,876	1,715,743	167,319	285,523	34,467	3,357,928
2012	1,177,608	1,897,308	196,051	289,779	29,259	3,590,005
2013	1,218,753	2,061,790	210,661	288,083	28,924	3,808,211
2014	1,199,371	2,136,316	226,349	327,991	35,201	3,925,228

CITY OF BALCONES HEIGHTS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 6

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected Within Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2005	\$ 845,812	\$ 808,428	95.6%	35,651	\$ 844,079	99.8%
2006	933,219	925,883	99.2%	5,156	931,039	99.8%
2007	977,009	970,513	99.3%	3,366	973,879	99.7%
2008	1,040,807	1,036,119	99.5%	4,558	1,040,677	100.0%
2009	1,096,650	1,093,231	99.7%	3,245	1,096,476	100.0%
2010	1,127,647	1,121,762	99.5%	5,700	1,127,462	100.0%
2011	1,154,886	1,150,015	99.6%	4,672	1,154,687	100.0%
2012	1,176,278	1,167,814	99.3%	7,228	1,175,042	99.9%
2013	1,205,668	1,195,311	99.1%	7,932	1,203,243	99.8%
2014	1,196,649	1,188,605	99.3%	-	1,188,605	99.3%

CITY OF BALCONES HEIGHTS, TEXAS
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 7

Fiscal Year	City Direct Rates		
	General M&O	Debt Service	Total Direct
2005	0.505909	0.021121	0.527030
2006	0.535622	0.022878	0.558500
2007	0.510777	0.021627	0.532404
2008	0.465070	0.033286	0.498356
2009	0.465878	0.024851	0.490729
2010	0.479510	0.030971	0.510481
2011	0.530926	0.027917	0.558843
2012	0.541586	0.030613	0.572199
2013	0.537734	0.034465	0.572199
2014	0.540174	0.032025	0.572199

Fiscal Year	Overlapping Rates					
	San Antonio ISD	Bexar County	Bexar County Rd & Flood	Alamo College District	San Antonio River Authority	University Health System
2005	1.722000	0.331190	-	0.107500	0.016425	0.243869
2006	1.720000	0.331190	-	0.107500	0.016425	0.243869
2007	1.579700	0.326866	-	0.137050	0.016045	0.243869
2008	1.249700	0.295104	0.031762	0.134550	0.015951	0.237408
2009	1.249700	0.289399	0.037467	0.135855	0.015951	0.261022
2010	1.249700	0.296187	0.030679	0.135855	0.015951	0.266235
2011	1.279700	0.296187	0.030679	0.141623	0.016652	0.276235
2012	1.307600	0.296187	0.030679	0.141623	0.017370	0.276235
2013	1.357600	0.296187	0.030679	0.149150	0.017370	0.276235
2014	1.357600	0.296187	0.030679	0.149150	0.017798	0.276235

CITY OF BALCONES HEIGHTS, TEXAS
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 8

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2005	\$ 38,530,697	\$ 123,335,352	\$ -	\$ 7,167,013	\$ 154,699,036	0.527030
2006	43,746,405	134,534,301	-	11,171,252	167,109,454	0.558500
2007	47,142,984	145,277,360	-	8,765,525	183,654,819	0.532404
2008	50,340,920	166,455,919	-	8,091,953	208,704,886	0.498356
2009	55,226,346	175,582,590	-	7,500,130	223,308,806	0.490729
2010	68,892,979	159,439,342	-	7,433,426	220,898,895	0.510481
2011	62,888,159	150,992,998	-	7,327,258	206,553,899	0.558843
2012	67,341,490	145,376,448	-	7,146,385	205,571,553	0.572199
2013	70,222,836	148,233,938	-	7,938,653	210,518,121	0.572199
2014	61,117,128	155,393,179	-	7,575,233	208,935,074	0.572199

Source: Bexar Appraisal District. Certified Totals.

* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

CITY OF BALCONES HEIGHTS, TEXAS
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO
 (UNAUDITED)

TABLE 9

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Methodist Healthcare System	\$ 39,939,150	1	19.12%	N/A	N/A	N/A
Crossroads Mall Partners, LTD	17,340,452	2	8.06%	N/A	N/A	N/A
Target Corporation	16,849,070	3	8.30%	N/A	N/A	N/A
SFP Apartments, LLC	7,000,000	4	3.25%	N/A	N/A	N/A
IH-10 Heart Plaza, Ltd.	6,800,000	5	3.35%	N/A	N/A	N/A
Savings Square Partners, LTD	5,511,314	6	1.67%	N/A	N/A	N/A
Hallmark Apartments, Ltd.	5,300,000	7	2.64%	N/A	N/A	N/A
Leon Springs Associates, LLC	4,594,030	8	2.54%	N/A	N/A	N/A
Brookhollow Middletown	3,487,858	9	2.20%	N/A	N/A	N/A
Park 110 Motors	3,358,560	10	1.61%	N/A	N/A	N/A
Total	<u>\$ 110,180,434</u>		<u>52.73%</u>	N/A	N/A	N/A
Total Taxable Assessed Value	<u>\$ 208,935,074</u>					

Source: Bexar Appraisal District

Data for 2014 was based on 2013 Certified Totals

Data for 2005 was not available.

CITY OF BALCONES HEIGHTS, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 10

Fiscal Year	Governmental Activities			Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per Capita
	General Obligation Bonds	Combination Certificates of Obligation	Capital Leases				
2005	\$ 35,000	\$ 1,950,000	\$ 87,124	\$ 2,072,124	\$ 154,699,036	1.3%	687
2006	-	1,775,000	836,353	2,611,353	167,109,454	1.6%	866
2007	-	1,590,000	767,141	2,357,141	183,654,819	1.3%	792
2008	-	1,395,000	863,330	2,258,330	208,704,886	1.1%	759
2009	1,229,000	-	783,678	2,012,678	223,308,806	0.9%	674
2010	990,000	-	700,380	1,690,380	220,898,895	0.8%	562
2011	752,000	584,000	-	1,336,000	206,553,899	0.6%	444
2012	510,000	533,000	-	1,043,000	205,571,553	0.5%	370
2013	259,000	482,000	-	741,000	210,518,121	0.4%	263
2014	-	429,000	-	429,000	208,935,074	0.2%	151

Population data on page 75.

CITY OF BALCONES HEIGHTS, TEXAS
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(UNAUDITED)

TABLE 11

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value		<u>\$ 208,935,074</u>
*Debt limit (10% of assessed value)		20,893,507
Outstanding Debt	\$ 429,000	
Less: amount set aside for repayment of general obligation debt	<u>(65,944)</u>	
Total net debt applicable to limit		<u>(363,056)</u>
Economic Debt Margin		<u><u>\$ 20,530,451</u></u>

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	\$ 15,469,903	\$ 16,710,945	\$ 18,365,482	\$ 20,870,489	\$ 22,330,881
Total Net Debt Applicable to Limit	<u>(1,853,316)</u>	<u>(2,374,924)</u>	<u>(2,128,005)</u>	<u>(2,020,087)</u>	<u>(1,780,764)</u>
Legal Debt Margin	<u><u>\$ 13,616,587</u></u>	<u><u>\$ 14,336,021</u></u>	<u><u>\$ 16,237,477</u></u>	<u><u>\$ 18,850,402</u></u>	<u><u>\$ 20,550,117</u></u>

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 22,089,890	\$ 20,655,390	\$ 20,557,155	\$ 21,051,812	\$ 20,893,507
Total Net Debt Applicable to Limit	<u>(1,454,709)</u>	<u>(1,206,994)</u>	<u>(927,413)</u>	<u>(624,079)</u>	<u>(363,056)</u>
Legal Debt Margin	<u><u>\$ 20,635,181</u></u>	<u><u>\$ 19,448,396</u></u>	<u><u>\$ 19,629,742</u></u>	<u><u>\$ 20,427,733</u></u>	<u><u>\$ 20,530,451</u></u>

CITY OF BALCONES HEIGHTS, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

TABLE 12

<u>Year</u>	<u>Total Personal Income</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2005	\$ 77,704,224	3016	\$ 25,764	31.90	5.0%
2006	77,704,224	3016	25,764	31.90	5.2%
2007	91,757,925	2975	30,843	32.90	4.7%
2008	74,251,200	2976	24,950	31.90	4.2%
2009	76,450,080	2984	25,620	31.90	6.2%
2010	77,064,960	3008	25,620	31.90	6.2%
2011	66,561,024	3008	22,128	31.90	6.2%
2012	62,334,576	2817	22,128	33.00	6.2%
2013	74,249,641	2819	26,339	33.00	18.0%
2014	75,749,212	2849	26,588	33.00	20.1%

Source: U.S. Census Bureau

CITY OF BALCONES HEIGHTS, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

TABLE 13

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,097	1	3.76%	N/A	N/A	N/A
Fort Sam Houston	32,000	2	3.24%	N/A	N/A	N/A
HEB Food Stores	20,000	3	2.03%	N/A	N/A	N/A
USAA	16,000	4	1.62%	N/A	N/A	N/A
Northside I.S.D.	12,751	5	1.29%	N/A	N/A	N/A
Randolph Air Force Base	11,068	6	1.12%	N/A	N/A	N/A
North East I.S.D.	10,052	7	1.02%	N/A	N/A	N/A
City of San Antonio	9,145	8	0.93%	N/A	N/A	N/A
Methodist Healthcare System	8,118	9	0.82%	N/A	N/A	N/A
Baptist Health System	7,205	10	0.73%	N/A	N/A	N/A
Total	<u>163,436</u>		<u>16.56%</u>	N/A	N/A	N/A

The City of Balcones Heights is surrounded by the City of San Antonio and no data is available for the employers in Balcones Heights. The above data is for San Antonio.

Source: San Antonio Economic Development Foundation

Data for 2005 was not available.

