

**CITY OF BALCONES HEIGHTS, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED**

**SEPTEMBER 30, 2015**

**OFFICIALS ISSUING REPORT**

David J. Harris  
City Administrator

Floyd Messick  
Finance Director



CITY OF BALCONES HEIGHTS, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

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## INTRODUCTORY SECTION



## CITY OF BALCONES HEIGHTS

3300 Hillcrest  
Balcones Heights, Texas 78201  
(210) 735-9148

February 10, 2016

The Honorable Mayor, City Council, and the Citizens of City of Balcones Heights

We are pleased to present the comprehensive Annual Financial Report for the City of Balcones Heights, Texas, for the fiscal year ended September 30, 2015. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the presented data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City of Balcones Heights financial statements have been audited by Armstrong, Vaughan & Associates, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Balcones Heights for the fiscal year ended September 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor has issued an unmodified (clean) opinion on the City's financial statements for the year ended September 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, and a list of principal officials. The financial sections includes the management's discussion and analysis letter, the government-wide financial statements, the fund financial statements, notes to the financial statements, as well as the auditor's report on the financial statements and schedules. The statistical section includes selected financial demographic information, generally presented on a multi-year basis.

This report includes all funds and account groups of the City. The City provides a full range of services including: police and fire protection, emergency medical services, health services, economic development and visitor initiatives, maintenance of streets and parks, planning and zoning, and general administrative services.

City of Balcones Heights Profile. The City of Balcones Heights, a Type A General Law City, is a city in Bexar County, Texas, United States. It operates under a Council-Manager form of government. The population was 2,941 as of the 2010 census. Balcones Heights is considered by locals to be a part of San Antonio despite the fact that the community was incorporated in 1948 to avoid annexation into San Antonio. Balcones Heights is an enclave of San Antonio, as the San Antonio city limits now completely surround it. It is part of the San Antonio-New Braunfels Metropolitan Statistical Area.

Local economy. The City of Balcones Heights' economy is a contributor to the economy of San Antonio-New Braunfels Metropolitan statistical area. Retail and office complexes are a primary industry. Its proximity to the Medical Center makes the city a natural match for medical offices. As such, Balcones Heights is home to Texsan Methodist Hospital, the Wonderland Medical Center, the VA Clinic, and Career Point, which hosts a successful and growing nursing program.

The City has continued to follow the path set out in its Master Plan in 2009, and as such is working toward a private/public partnership with Wonderland of the Americas and VIA Metropolitan Transit. This project will contribute to the local economy by attracting additional retailers to the area, and also by providing a tie into a transit oriented development (TOD). The City's location on the new VIA Primo Bus Rapid transit (BRT) line is currently bringing in an additional 6,000 riders per day to the Balcones Heights area.

Overall sales tax in Balcones Heights is holding steady/rising slightly in spite of the current economic conditions.

## FINANCIAL INFORMATION

Internal Control. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB), the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA). The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

The City utilizes a financial accounting system that includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurances.

Budgeting Controls. The City also maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all funds are included in the annual appropriated budget. The level of budgetary control—the level at which expenditures cannot legally exceed the appropriated amount—is established at the fund level. However, budgetary accounting is maintained on a line-item basis.

Retirement Plan. The City provides pension benefits for all of its full-time employees through the statewide Texas Municipal Retirements System (TMRS), an agent multiple-employee retirement system.

#### OTHER INFORMATION

Independent Audit. The City receives an annual audit of the books, accounts, financial records, and transactions of all administrative departments of the City by independent certified public accountants selected by the City Council. This requirement has been complied with and the independent auditors' report by Armstrong, Vaughan & Associates, P.C. Certified Public Accountants, has been included in this report.

Acknowledgements. The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to thank the members of the City Council, the City Council Finance and Audit Committee and the citizens of the City of Balcones Heights for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

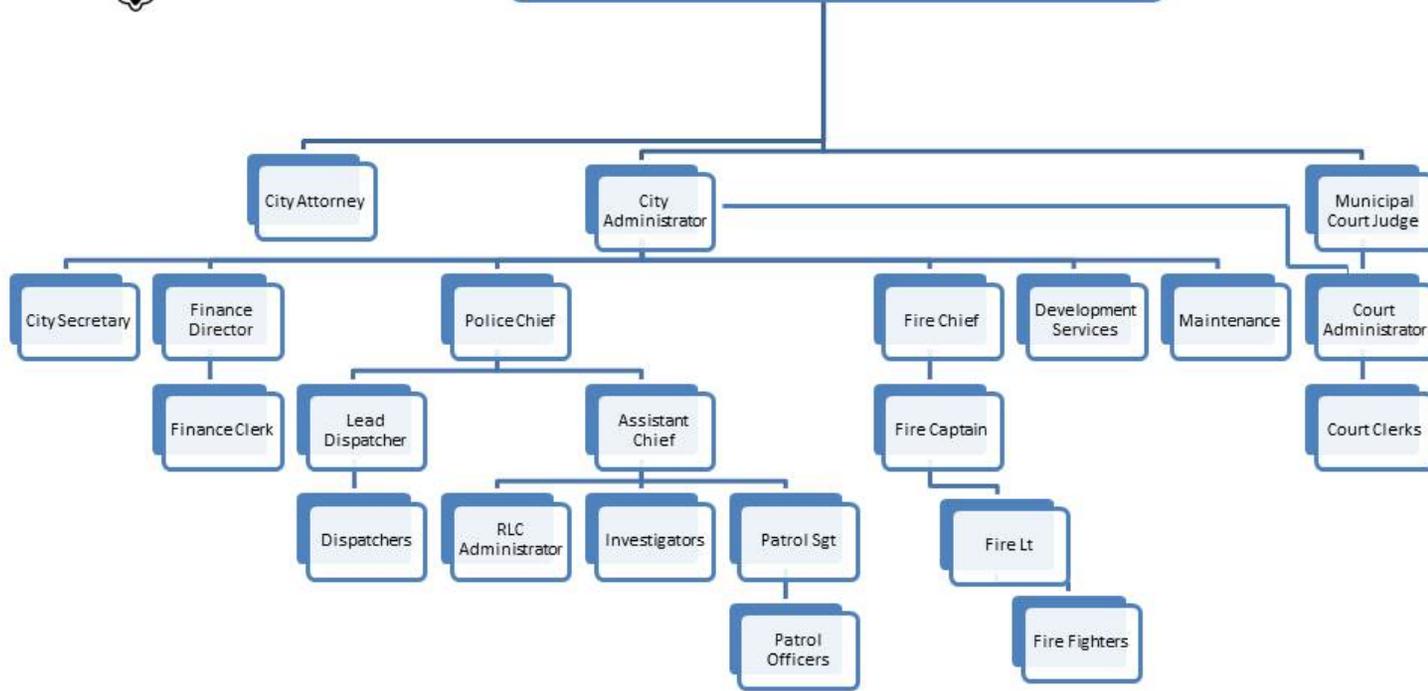
Best regards,

A handwritten signature in black ink, appearing to read "D. Harris", with a stylized flourish at the end.

David J. Harris  
City Administrator



# City Council





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.



FINANCIAL SECTION

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, 2015, 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.

### ***Emphasis of Matter***

As discussed in Note A18 to the financial statements, in October 2014, the City adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 68 related to accounting for pensions. This resulted in a restatement of prior year balances. Our opinion is not modified with respect to this matter.

### ***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, 2015, 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, 2014 is presented for comparative purposes only and was extracted from the financial statements presented for that year, on which we expressed an unqualified opinion in our report dated January 30, 2015.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of changes – net pension liability and related ratios 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.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 10, 2016, on our consideration of the City of Balcones Heights, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering City of Balcones Heights's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

February 10, 2016

## 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, 2015. Please read it in conjunction with the City’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

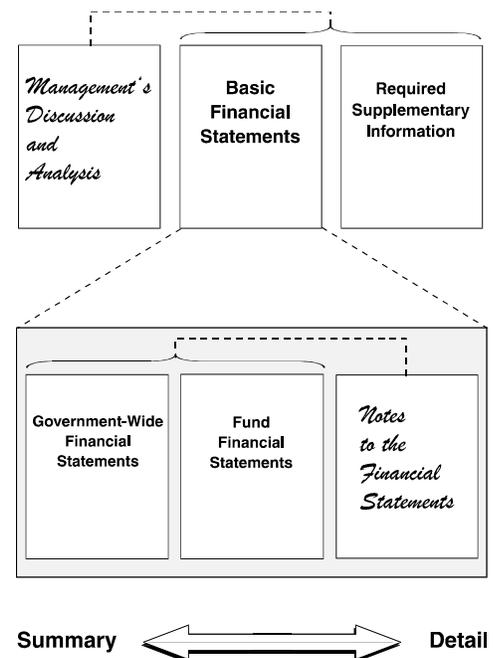
- The City’s total combined net position was \$7,276,695 at September 30, 2015.
- During the year, the City’s expenses were \$691,930 less than the \$7,461,486 generated in taxes and other revenues for governmental and business type activities.
- The City was in the process of capital projects for reconstruction of Hannasch Drive and Leisure Drive that would be funded partially through grant resources.
- The general fund reported a fund balance this year of \$1,735,423, an increase of \$143,073 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.

<b>Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements</b>			
<i>Type of Statements</i>	<b>Fund Statements</b>		
	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
<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 \$7,276,695. (See Table A-1).

**Table A-1**  
Balcones Heights Net Position

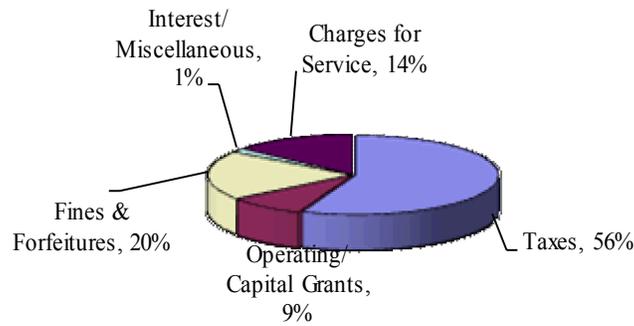
	Governmental Activities		Business-Type Activities		Total		Total Percentage Change Based on Actual 2015-2014
	2015	2014*	2015	2014*	2015	2014*	
<b>Assets</b>							
Cash and Investments	\$ 4,051,034	\$ 3,717,898	\$ -	\$ 33,266	\$ 4,051,034	\$ 3,751,164	8%
Receivables: (net of allowances of uncollectible)							
Taxes	31,423	31,493	-	-	31,423	31,493	0%
Due from Other Governments	848,293	454,529	-	-	848,293	454,529	87%
Accounts	104,909	32,481	55,665	50,401	160,574	82,882	94%
Prepays	-	21,335	-	-	-	21,335	-100%
Internal Balances	15,714	34,602	(15,714)	(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	3,511,967	119,124	119,124	3,631,091	3,631,091	0%
Transportation and Equipment	2,369,158	2,383,202	-	-	2,369,158	2,383,202	-1%
Construction in Progress	427,862	70,731	-	-	427,862	70,731	505%
Accumulated Depreciation	(3,899,521)	(3,577,915)	(48,099)	(45,717)	(3,947,620)	(3,623,632)	9%
<b>Total Assets</b>	<b>11,018,871</b>	<b>10,238,355</b>	<b>110,976</b>	<b>122,472</b>	<b>11,129,847</b>	<b>10,360,827</b>	<b>7%</b>
<b>Deferred Outflows of Resources</b>							
Deferred Pension Related Outflows	470,284	295,998	-	-	470,284	295,998	59%
<b>Total Deferred Outflows</b>	<b>470,284</b>	<b>295,998</b>	<b>-</b>	<b>-</b>	<b>470,284</b>	<b>295,998</b>	<b>59%</b>
<b>Liabilities</b>							
<i>Current Liabilities:</i>							
Accounts Payable and Accrued Liabilities	857,289	508,791	52,726	46,425	910,015	555,216	64%
Accrued Interest Payable	823	944	-	-	823	944	-13%
<i>Noncurrent Liabilities:</i>							
Due Within One Year	148,652	137,939	-	-	148,652	137,939	8%
Due in More Than One Year	408,652	456,939	-	-	408,652	456,939	-11%
Net Pension Liability	2,719,297	2,711,766	-	-	2,719,297	2,711,766	0%
<b>Total Liabilities</b>	<b>4,134,713</b>	<b>3,816,379</b>	<b>52,726</b>	<b>46,425</b>	<b>4,187,439</b>	<b>3,862,804</b>	<b>8%</b>
<b>Deferred Inflows of Resources</b>							
Deferred Pension Related Inflows	135,997	-	-	-	135,997	-	100%
<b>Total Deferred Inflows</b>	<b>135,997</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,997</b>	<b>-</b>	<b>100%</b>
<b>Net Position</b>							
Net Investment in Capital Assets	5,593,498	5,517,017	71,025	73,407	5,664,523	5,590,424	1%
Restricted	1,163,427	1,051,900	-	-	1,163,427	1,051,900	11%
Unrestricted	461,520	149,057	(12,775)	2,640	448,745	151,697	196%
<b>Total Net Position</b>	<b>\$ 7,218,445</b>	<b>\$ 6,717,974</b>	<b>\$ 58,250</b>	<b>\$ 76,047</b>	<b>\$ 7,276,695</b>	<b>\$ 6,794,021</b>	<b>7%</b>

\*Note: Comparative information restated for the adoption of GASB Statement No. 68. See note A18 for more detail

The \$448,745 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 \$7,461,486. A significant portion, (56%), of the City's revenue comes from taxes; (See Figure A-3.) 9% comes from grants, 1% comes from interest and miscellaneous revenue, while 34% percent relates to charges for services (including fines and forfeitures).

**Figure A-3  
Sources of Revenue for Fiscal Year 2015**



**Table A-2  
Changes in Balcones Heights Net Position**

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2015-2014
	2015	2014*	2015	2014*	2015	2014*	
<b>Program Revenues:</b>							
Charges for Services	\$ 1,952,688	\$ 1,874,876	\$ 564,457	\$ 548,943	\$ 2,517,145	\$ 2,423,819	3.9%
Operating Grants and Contributions	301,922	1,937	-	-	301,922	1,937	15487.1%
Capital Grants and Contributions	346,104	226,405	-	-	346,104	226,405	52.9%
<b>General Revenues</b>							
Property Taxes	1,235,356	1,197,071	-	-	1,235,356	1,197,071	3.2%
Franchise Taxes	440,084	327,991	-	-	440,084	327,991	34.2%
Sales Tax	2,230,758	2,136,316	-	-	2,230,758	2,136,316	4.4%
Hotel Occupancy Tax	247,452	226,349	-	-	247,452	226,349	9.3%
Mixed Beverage Tax	31,836	35,201	-	-	31,836	35,201	-9.6%
Investment Earnings	3,569	2,563	3	2	3,572	2,565	39.3%
Miscellaneous	107,257	93,510	-	-	107,257	93,510	14.7%
<b>Total Program Revenues:</b>	<b>6,897,026</b>	<b>6,122,219</b>	<b>564,460</b>	<b>548,945</b>	<b>7,461,486</b>	<b>6,671,164</b>	<b>11.8%</b>
<b>General Government</b>	<b>1,345,717</b>	<b>1,026,656</b>	<b>-</b>	<b>-</b>	<b>1,345,717</b>	<b>1,026,656</b>	<b>31.1%</b>
Public Safety	4,070,939	4,153,525	-	-	4,070,939	4,153,525	-2.0%
Public Works	437,205	281,450	-	-	437,205	281,450	55.3%
Health and Welfare	22,168	12,967	-	-	22,168	12,967	71.0%
Culture and Recreation	293,935	262,702	-	-	293,935	262,702	11.9%
Interest on Long-Term Debt	17,335	30,978	-	-	17,335	30,978	-44.0%
Wastewater	-	-	582,257	563,415	582,257	563,415	3.3%
<b>Total Expenses</b>	<b>6,187,299</b>	<b>5,768,278</b>	<b>582,257</b>	<b>563,415</b>	<b>6,769,556</b>	<b>6,331,693</b>	<b>6.9%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 709,727</b>	<b>\$ 353,941</b>	<b>\$ (17,797)</b>	<b>\$ (14,470)</b>	<b>\$ 691,930</b>	<b>\$ 339,471</b>	<b>103.8%</b>

\*Note: Comparative information for 2014 has not been restated for the effects of the adoption of GASB Statement No. 68 as information is not available.

The total cost of all programs and services was \$6,769,556; 60% of these costs are for Public Safety and 20% are for General Government. The remaining 20% is for all other programs.

### Governmental Activities

- Property tax rates did not increase from the prior year. The increase in revenues was due to maintaining the effective tax rate when property values increased.
- The City did not sell any capital bonds in fiscal 2013.

**Table A-3**  
Net Cost of Selected City Functions

	Total Cost of Services			Net Cost of Services		
	2015	2014	% Change	2015	2014	% Change
General Government	\$ 1,345,717	\$ 1,026,656	31.1%	\$ 847,507	\$ 859,348	-1.4%
Public Safety	4,070,939	4,153,525	-2.0%	2,331,593	2,453,620	-5.0%
Public Works	437,205	281,450	55.3%	76,987	53,645	43.5%
Health & Welfare	22,168	12,967	71.0%	22,168	12,967	71.0%
Culture & Recreation	293,935	262,702	11.9%	290,995	254,502	14.3%
Wastewater	582,257	563,415	3.3%	17,800	14,472	23.0%
Interest on Long Term Debt	17,335	30,978	-44.0%	17,335	30,978	-44.0%
	<u>\$ 6,769,556</u>	<u>\$ 6,331,693</u>	6.9%	<u>\$ 3,604,385</u>	<u>\$ 3,679,532</u>	-2.0%

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 \$6,187,299.
- Sales Tax (paid by residents and visitors alike) was \$2,230,758, or 36% of all activity expenses.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$1,235,356 or 20%.
- Some of the cost, \$1,952,688 or 32% 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 \$648,026 or 10%.

### **Business-Type Activities**

Revenues of the City’s business-type activities increased 3% to \$564,457 and expenses increased 3% to \$582,257.

### **FINANCIAL ANALYSIS OF THE CITY’S FUNDS**

Revenues from governmental fund types totaled \$6,911,386 in fiscal 2015. This is an increase of \$786,867 from 2014 revenues. The general fund reported a fund balance this year of \$1,735,423, an increase of \$143,073 from last year. The increase in local revenues in the general fund is a result of higher sales tax, increase in appraised property values, operating grant from Bexar County, and funding from the Community Development Block Grant.

The crime control and prevention district fund reported a fund balance this year of \$296,397, an increase of \$59,020 from last year largely due to higher sales tax.

The capital projects fund reported a fund balance this year of \$1,134,236, an increase of \$139,360 from last year largely due to transfers from general operations.

### **General Fund Budgetary Highlights**

Over the course of the year, the City amended its general fund budget three 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 \$64,239 below final budget amounts. Generally, every major division had a positive variance.

- City Sales Tax was \$45,013 more than expected.
- Franchise Taxes were \$122,228 more than expected.

- Court fines and forfeitures were \$20,635 more than expected, however, court fees and charges were \$19,817 less than expected.
- Other sources were \$25,598 more than expected.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2015, the City had invested \$9,986,143 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount less accumulated depreciation totaling \$3,947,620 results in a total Net Capital Asset value of \$6,038,523. More detailed information about the City's capital assets is presented in the Note H of this report.

**Table A-4**  
City's Capital Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2015-2014
	2015	2014	2015	2014	2015	2014	
	Land	\$ 604,672	\$ 604,672	\$ -	\$ -	\$ 604,672	
Buildings and Improvements	2,953,360	2,953,360	-	-	2,953,360	2,953,360	0.0%
Streets and Grounds	3,511,967	3,511,967	119,124	119,124	3,631,091	3,631,091	0.0%
Transportation and Equipment	2,369,158	2,383,202	-	-	2,369,158	2,383,202	-0.6%
Construction in Progress	427,862	70,731	-	-	427,862	70,731	504.9%
Totals at Historical Cost	<u>9,867,019</u>	<u>9,523,932</u>	<u>119,124</u>	<u>119,124</u>	<u>9,986,143</u>	<u>9,643,056</u>	3.6%
Total Accumulated Depreciation	<u>(3,899,521)</u>	<u>(3,577,915)</u>	<u>(48,099)</u>	<u>(45,717)</u>	<u>(3,947,620)</u>	<u>(3,623,632)</u>	8.9%
Net Capital Assets	<u>\$ 5,967,498</u>	<u>\$ 5,946,017</u>	<u>\$ 71,025</u>	<u>\$ 73,407</u>	<u>\$ 6,038,523</u>	<u>\$ 6,019,424</u>	0.3%

### LONG TERM DEBT

At year-end the City had \$374,000 in bonded debt as shown in Table A-5. More detailed information about the City's debt is presented in Note I of this report.

**Table A-5**  
City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2015-2014
	2015	2014	2015	2014	2015	2014	
	Bonds Payable	\$ 374,000	\$ 429,000	\$ -	\$ -	\$ 374,000	
Compensated Absences	183,304	165,878	-	-	183,304	165,878	10.5%
Total Bonds & Notes Payable	<u>\$ 557,304</u>	<u>\$ 594,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,304</u>	<u>\$ 594,878</u>	-6.3%

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- General Fund revenues for the fiscal year 2015-16 are budgeted at \$3,988,016, which is a decrease of 23% over fiscal year 2014-15 actual revenues. The decrease is due to removing Red Light Camera revenues from the General Fund and segregating them in its own fund. The City's largest sources of revenue to the General Fund continue to be sales and property taxes, accounting for 56% of total revenues. Revenue from sales tax projects to be 4.35% over the fiscal year 2014-15 actual amount.
- Increased property valuations from the Bexar County Appraisal District allowed the City to lower the tax rate, yet still increase ad valorem tax collections. The overall tax rate decreased from \$.572199 to \$.539300. This rate consists of a maintenance and operations (M&O) portion of \$.509900 and interest and sinking (debt service) portion of \$.029400. With the rate reduction and higher property valuations, property tax revenue increased by \$97,231.

- General Fund expenditures for fiscal year 2015-16 are budgeted at \$3,988,016, which is a decrease of 20% over fiscal year 2014-15 actual expenses. This decrease is also due to isolating Red Light Camera expenses in its own fund. The General Fund's largest expense is personnel, which makes up 76% of total fund expenses.
- The City's policy is to maintain an unassigned General Fund balance equal to three months of budgeted expenditures. Any excess amount may be moved to the Capital account to fund future projects and equipment purchases. The unassigned General Fund balance going into fiscal year 2015-16 is \$1,443,011, which is up 18% over the previous year.

## **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  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2015

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 4,051,034	\$ -	\$ 4,051,034
Receivables (Net of Allowances for Uncollectibles):			
Taxes	31,423	-	31,423
Due from Other Governments	848,293	55,665	903,958
Accounts	104,909	-	104,909
Internal Balances	15,714	(15,714)	-
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	2,369,158	-	2,369,158
Construction in Progress	427,862	-	427,862
Accumulated Depreciation	(3,899,521)	(48,099)	(3,947,620)
<b>TOTAL ASSETS</b>	11,018,871	110,976	11,129,847
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Pension Related Outflows	470,284	-	470,284
<b>TOTAL DEFERRED OUTFLOWS</b>	\$ 470,284	\$ -	\$ 470,284

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS  
STATEMENT OF NET POSITION (CONTINUED)  
SEPTEMBER 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts Payable and Other Accrued Liabilities	\$ 857,289	\$ 52,726	\$ 910,015
Accrued Interest Payable	823	-	823
<i>Noncurrent Liabilities:</i>			
Due within One Year	148,652	-	148,652
Due in more than One Year	408,652	-	408,652
Net Pension Liability	2,719,297	-	2,719,297
<b>TOTAL LIABILITIES</b>	<u>4,134,713</u>	<u>52,726</u>	<u>4,187,439</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Pension Related Inflows	135,997	-	135,997
<b>TOTAL DEFERRED INFLOWS</b>	<u>135,997</u>	<u>-</u>	<u>135,997</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,593,498	71,025	5,664,523
Restricted for:			
Crime Control	296,397	-	296,397
Debt Service	61,329	-	61,329
Hotel/Motel	444,820	-	444,820
Public Safety and Security	218,885	-	218,885
Traffic Safety	118,117	-	118,117
PEG Capital Fees	23,879	-	23,879
Unrestricted	461,520	(12,775)	448,745
<b>TOTAL NET POSITION</b>	<u>\$ 7,218,445</u>	<u>\$ 58,250</u>	<u>\$ 7,276,695</u>

CITY OF BALCONES HEIGHTS, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<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>
<b>Governmental Activities:</b>				
General Government	\$ 1,345,717	\$ 198,210	\$ 300,000	\$ -
Public Safety	4,070,939	1,737,424	1,922	-
Public Works	437,205	14,114	-	346,104
Health & Welfare	22,168	-	-	-
Culture & Recreation	293,935	2,940	-	-
Interest on Long-Term Debt	17,335	-	-	-
Total Governmental Activities	<u>6,187,299</u>	<u>1,952,688</u>	<u>301,922</u>	<u>346,104</u>
<b>Business-Type Activities:</b>				
Wastewater	582,257	564,457	-	-
Total Business-Type Activities	<u>582,257</u>	<u>564,457</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 6,769,556</u>	<u>\$ 2,517,145</u>	<u>\$ 301,922</u>	<u>\$ 346,104</u>
<b>General Revenues:</b>				
<i>Taxes:</i>				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Mixed Beverage Tax				
Interest and Investment Earnings				
Miscellaneous				
<b>Total General Revenues</b>				
<b>Change in Net Position</b>				
<b>Net Position at Beginning of Year</b>				
Prior Period Adjustment				
<b>Net Position at End of Year</b>				

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>
\$ (847,507)	\$ -	\$ (847,507)
(2,331,593)	-	(2,331,593)
(76,987)	-	(76,987)
(22,168)	-	(22,168)
(290,995)	-	(290,995)
(17,335)	-	(17,335)
<u>(3,586,585)</u>	<u>-</u>	<u>(3,586,585)</u>
-	(17,800)	(17,800)
<u>-</u>	<u>(17,800)</u>	<u>(17,800)</u>
(3,586,585)	(17,800)	(3,604,385)
1,235,356	-	1,235,356
440,084	-	440,084
2,230,758	-	2,230,758
247,452	-	247,452
31,836	-	31,836
3,569	3	3,572
107,257	-	107,257
<u>4,296,312</u>	<u>3</u>	<u>4,296,315</u>
709,727	(17,797)	691,930
8,924,486	76,047	9,000,533
(2,415,768)	-	(2,415,768)
<u>\$ 7,218,445</u>	<u>\$ 58,250</u>	<u>\$ 7,276,695</u>

CITY OF BALCONES HEIGHTS, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015

	General Fund	Crime Control & Prevention District	Capital Projects Fund	Grant Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,739,264	\$ 208,910	\$ 1,134,236	\$ -
Receivables (net of allowances for uncollectibles):				
Taxes	14,659	-	-	-
Due from Other Governments	540,781	113,594	-	193,918
Miscellaneous	101,607	-	-	-
Due from Other Funds	173,861	-	-	-
Advance to Other Funds	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,570,172</u>	<u>\$ 322,504</u>	<u>\$ 1,134,236</u>	<u>\$ 193,918</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 471,323	\$ 11,965	\$ -	\$ 35,771
Accrued Expenditures	79,037	14,142	-	-
Due to Other Funds	12,212	-	-	158,147
Advance from Other Funds	48,383	-	-	-
Due to Other Governments	215,558	-	-	-
<b>Total Liabilities</b>	<u>826,513</u>	<u>26,107</u>	<u>-</u>	<u>193,918</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues	8,236	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>8,236</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Interfund Advance	-	-	-	-
Restricted:				
Crime Control & Prevention	-	296,397	-	-
Debt Service	-	-	-	-
Hotel/Motel	-	-	-	-
Public Safety & Security	5,846	-	-	-
Traffic Safety	-	-	-	-
PEG Fees	-	-	-	-
Assigned:				
Capital Projects Funds	-	-	1,134,236	-
Street Maintenance	226,566	-	-	-
Economic Development	60,000	-	-	-
Impound Facility & Auction	-	-	-	-
Unassigned	1,443,011	-	-	-
<b>Total Fund Balances</b>	<u>1,735,423</u>	<u>296,397</u>	<u>1,134,236</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCES</b>	<u>\$ 2,570,172</u>	<u>\$ 322,504</u>	<u>\$ 1,134,236</u>	<u>\$ 193,918</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 968,624	\$ 4,051,034
16,764	31,423
-	848,293
3,302	104,909
12,212	186,073
48,383	48,383
<u>\$ 1,049,285</u>	<u>\$ 5,270,115</u>
\$ 23,606	\$ 542,665
5,887	99,066
-	170,359
-	48,383
-	215,558
<u>29,493</u>	<u>1,076,031</u>
<u>315</u>	<u>8,551</u>
<u>315</u>	<u>8,551</u>
29,197	29,197
-	296,397
61,837	61,837
415,623	415,623
213,039	218,885
118,117	118,117
23,879	23,879
-	1,134,236
-	226,566
-	60,000
169,384	169,384
(11,599)	1,431,412
<u>1,019,477</u>	<u>4,185,533</u>
<u>\$ 1,049,285</u>	<u>\$ 5,270,115</u>



CITY OF BALCONES HEIGHTS, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 4,185,533
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.		5,967,498
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		8,551
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds:		
Bonds Payable	374,000	
Compensated Absences	<u>183,304</u>	(557,304)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	2,719,297	
Pension Related Deferred Outflows	(470,284)	
Pension Related Deferred Inflows	<u>135,997</u>	(2,385,010)
Accrued interest payable on long-term bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(823)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u><u>\$ 7,218,445</u></u>

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, 2015

REVENUES	General Fund	Crime Control & Prevention District	Capital Projects Fund	Grant Funds
Taxes	\$ 3,136,161	\$ 735,746	\$ -	\$ -
Licenses and Permits	167,620	-	-	-
Intergovernmental	301,922	-	-	346,104
Charges for Services	46,746	-	-	-
Fines and Forfeits	1,141,930	-	-	-
Interest	918	65	2,421	-
Miscellaneous	112,555	-	-	-
<b>TOTAL REVENUES</b>	<u>4,907,852</u>	<u>735,811</u>	<u>2,421</u>	<u>346,104</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,232,800	118,837	-	-
Public Safety	3,085,555	557,954	-	-
Public Works	246,361	-	-	-
Health & Welfare	13,000	-	-	-
Culture & Recreation	77,242	-	-	-
Capital Projects/Outlay	131,726	-	-	345,238
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>4,786,684</u>	<u>676,791</u>	<u>-</u>	<u>345,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>121,168</u>	<u>59,020</u>	<u>2,421</u>	<u>866</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	225,866	-	186,939	-
Transfers Out	(203,961)	-	(50,000)	(866)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>21,905</u>	<u>-</u>	<u>136,939</u>	<u>(866)</u>
<b>Net Change in Fund Balances</b>	143,073	59,020	139,360	-
Fund Balances at Beginning of Year	<u>1,592,350</u>	<u>237,377</u>	<u>994,876</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 1,735,423</u>	<u>\$ 296,397</u>	<u>\$ 1,134,236</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 322,642	\$ 4,194,549
-	167,620
-	648,026
253,824	300,570
342,567	1,484,497
165	3,569
-	112,555
<u>919,198</u>	<u>6,911,386</u>

11,184	1,362,821
384,729	4,028,238
-	246,361
9,168	22,168
205,539	282,781
-	476,964
55,000	55,000
17,456	17,456
<u>683,076</u>	<u>6,491,789</u>
<u>236,122</u>	<u>419,597</u>

17,022	429,827
<u>(175,000)</u>	<u>(429,827)</u>
<u>(157,978)</u>	<u>-</u>
78,144	419,597
941,333	3,765,936
<u>\$ 1,019,477</u>	<u>\$ 4,185,533</u>

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, 2015

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 419,597

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	365,200	
Depreciation Expense	<u>(338,421)</u>	26,779

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed. (5,298)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (9,063)

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		55,000
------------------------	--	--------

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that contributions exceeded the actuarially determined pension expense. 240,017

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	(17,426)	
Accrued Interest	<u>121</u>	(17,305)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 709,727

CITY OF BALCONES HEIGHTS, TEXAS  
 COMPARATIVE STATEMENTS OF NET POSITION – PROPRIETARY FUND  
 SEPTEMBER 30, 2015 AND 2014

ASSETS	Business-Type Activities	
	Sewer Operations & Maintenance	
	2015	2014
<i>Current Assets:</i>		
Cash and Investments	\$ -	\$ 33,266
<i>Receivables:</i>		
Accounts	55,665	50,401
<i>Total Current Assets</i>	55,665	83,667
 <i>Capital Assets:</i>		
Improvements Other than Buildings	119,124	119,124
Accumulated Depreciation	(48,099)	(45,717)
<i>Total Capital Assets (Net)</i>	71,025	73,407
<b>TOTAL ASSETS</b>	<b>126,690</b>	<b>157,074</b>
 <b>LIABILITIES</b>		
<i>Current Liabilities:</i>		
Accounts Payable	52,726	46,425
Due to Other Funds	15,714	34,602
<i>Total Current Liabilities</i>	68,440	81,027
<b>TOTAL LIABILITIES</b>	<b>68,440</b>	<b>81,027</b>
 <b>NET POSITION</b>		
Investment in Capital Assets	71,025	73,407
Unrestricted (Deficit)	(12,775)	2,640
<b>TOTAL NET POSITION</b>	<b>\$ 58,250</b>	<b>\$ 76,047</b>

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION - PROPRIETARY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	Business-Type Activities	
	Sewer Operations & Maintenance	
	2015	2014
<b>OPERATING REVENUES</b>		
Wastewater User Fees	\$ 564,457	\$ 548,943
<b>TOTAL OPERATING REVENUES</b>	<b>564,457</b>	548,943
<b>OPERATING EXPENSES</b>		
Operation and Maintenance:		
Contractual Services	579,875	561,033
Depreciation	2,382	2,382
<b>TOTAL OPERATING EXPENSES</b>	<b>582,257</b>	563,415
<b>OPERATING INCOME (LOSS)</b>	<b>(17,800)</b>	(14,472)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	3	2
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>3</b>	2
<b>CHANGE IN NET POSITION</b>	<b>(17,797)</b>	(14,470)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>76,047</b>	90,517
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 58,250</b>	\$ 76,047

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS  
 COMPARATIVE STATEMENTS OF CASH FLOWS – PROPRIETARY FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	Busines-Type Activities	
	Sewer Operations & Maintenance	
	2015	2014
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 559,193	\$ 543,732
Cash Paid to Suppliers	<u>(573,574)</u>	<u>(562,337)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>(14,381)</b></u>	<u>(18,605)</u>
<b>CASH FLOWS FROM NON CAPITAL</b>		
<b>FINANCING ACTIVITIES:</b>		
Interfund Payables	<u>(18,888)</u>	34,602
<b>Net Cash Provided (Used) by Non Capital Financing Activities</b>	<u><b>(18,888)</b></u>	<u>34,602</u>
<b>CASH FLOWS FROM</b>		
<b>INVESTING ACTIVITIES:</b>		
Interest Received	<u>3</u>	<u>2</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u><b>3</b></u>	<u>2</u>
Net Increase (Decrease) in Cash	<b>(33,266)</b>	15,999
Cash and Investments at October 1	<u>33,266</u>	<u>17,267</u>
Cash and Investments at September 30	<u><u>\$ -</u></u>	<u><u>\$ 33,266</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (17,800)	\$ (14,472)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,382	2,382
(Increase) Decrease in Accounts Receivable	(5,264)	(5,211)
Increase (Decrease) in Accounts Payable	<u>6,301</u>	<u>(1,304)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>\$ (14,381)</b></u>	<u><b>\$ (18,605)</b></u>

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2015

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 and management of the primary government has operational responsibility for the component unit. 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, 2015, 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, 2015

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, 2015

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.

**Grant Funds** are used to account for financial resources to be used for the acquisition or construction of major capital projects through grant funding sources.

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, 2014 and past due after January 31, 2015. 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, 2015

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, 2015 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, 2015

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 INFLOWS AND OUTFLOWS 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, 2015

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

12. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

13. PENSIONS

The net pension (asset) liability, deferred inflows and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS), and additions to and deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. 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.

15. 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 – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the city council – the government's highest level of decision making authority. The City Council is the highest level of decision-making authority for the city 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 (by adoption of another ordinance) to remove or revise the limitation.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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

15. FUND EQUITY (Continued)

Assigned – This classification reflects the amounts constrained by the city’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council has the ability to assign fund balances. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

As of September 30, 2015, City Council had assigned fund balances for the following:

- Excess annual ad valorem taxes to the extent of \$75,000 over the cost of maintaining streets.
- Funds set aside in capital projects funds that are not otherwise restricted by bond covenants are assigned for specific capital projects.
- Funds set aside in internal fund for Economic Development that is not otherwise restricted by external parties.
- Excess impound facility and auction revenues over expenditures.

Total assigned funds in the General Fund were \$286,566. Total assigned funds in the Capital Projects Fund were \$1,134,236. Total assigned funds in nonmajor funds were \$169,384.

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

As of September 30, 2015, the Court Technology fund had a deficit restricted fund balance which reduced the amount of funds available in the Unassigned Fund balance for total governmental funds by \$11,599.

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.

16. NET POSITION

Net position represents 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.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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

17. 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.

18. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT

For the year ending September 30, 2015, the City implemented GASB Statement No. 68 related to accounting for pensions. This new standard requires the City plan's net pension liability (asset) and related deferred inflows and outflows of resources to be recognized on the City's government-wide statements. This change required a prior period adjustment to restate prior years in accordance with the change in accounting principle. The prior period adjustment recorded represents the net pension liability at September 30, 2014 less associated deferred outflows of resources.

19. RECLASSIFICATIONS

Certain reclassifications have been made to the September 30, 2014 comparative information to conform to the September 30, 2015 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, 2015, the carrying amounts of the City's deposits with the city depository were \$1,595,378 and the bank balance was \$1,919,053. 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 \$2,128,193 and a market value of \$2,181,920. In addition, the City held Certificates of Deposit at separate financial institutions that were also covered by federal deposit insurance. All of the City's funds were fully insured and collateralized.

*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.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

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, 2015 were:

Petty Cash	\$ 1,438
Certificate of Deposit	203,867
Cash in Bank Depository	<u>1,595,378</u>
Total Insured/Collateralized	1,800,683
TexPool - a local government investment pool	1,841,368
Lone Star Pool - a local government investment pool	<u>408,983</u>
	<u><u>\$ 4,051,034</u></u>

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, 2015

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, 2015, 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, 2015

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	Grant Funds	Other Nonmajor Funds	Sewer Operations Maintenance	
<i>Receivables:</i>						
Property Taxes	\$ 18,629	\$ -	\$ -	\$ 1,046	\$ -	\$ 19,675
Allowance for Uncollectibles	(3,970)	-	-	(350)	-	(4,320)
Occupancy Taxes	-	-	-	16,068	-	16,068
Sales Tax	240,781	113,594	-	-	-	354,375
Franchise Tax	68,771	-	-	1,366	-	70,137
Bexar County Accounts	300,000	-	193,918	-	-	493,918
Other	32,836	-	-	1,936	55,665	55,665
Net Total Receivables	<u>\$ 657,047</u>	<u>\$ 113,594</u>	<u>\$ 193,918</u>	<u>\$ 20,066</u>	<u>\$ 55,665</u>	<u>\$ 1,040,290</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 revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2014, upon which the fiscal 2015 levy was based, was \$215,486,162 (i.e., market value less exemptions). The estimated appraised value was \$223,270,352, 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, 2015, 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 \$4,154,144 based upon the present assessed valuation of \$215,486,162 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 unearned 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, 2015

NOTE E -- DUE TO/FROM OTHER FUNDS

As of September 30, 2015, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From	Due To
<b>General Fund:</b>		
Grant Funds	\$ 158,147	\$ -
Other NonMajor Governmental Fund	-	12,212
Sewer Operations & Maintenance Fund	15,714	-
<b>Grant Funds:</b>		
General Fund	-	158,147
<b>Nonmajor Funds:</b>		
General Fund	12,212	-
<b>Sewer Operations &amp; Maintenance Fund:</b>		
General Fund	-	15,714
	\$ 186,073	\$ 186,073

NOTE F -- TRANSFERS BETWEEN FUNDS

Transfers between funds during the year ended September 30, 2015 were as follows:

	Transfer In	Transfer Out	Purpose
<b>General Fund:</b>			
Other NonMajor Governmental Fund	\$ 175,000	\$ -	Funding for Operational Expenses
Capital Projects Fund	50,000	-	Funding for Economic Development
Capital Projects Fund	-	186,939	Funding for Capital Replacement
Grant Funds	866	-	Excess funds for Operational Expenses
Other NonMajor Governmental Fund	-	17,022	Funding for PEG Capital Fees
<b>Capital Projects Fund:</b>			
General Fund	186,939	-	Funding for Capital Replacement
General Fund	-	50,000	Funding for Economic Development
<b>Grant Funds:</b>			
General Fund	-	866	Excess funds for Operational Expenses
<b>NonMajor Funds:</b>			
General Fund	17,022	-	Funding for PEG Capital Fees
General Fund	-	175,000	Funding for Operational Expenses
	\$ 429,827	\$ 429,827	

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 to be advanced of \$192,000 will be repaid to the Hotel/Motel Fund evenly over ten years. As of September 30, 2015, \$48,383 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, 2015

NOTE H -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2014	Additions	Disposals	Balance 9/30/2015
Land	\$ 604,672	\$ -	\$ -	\$ 604,672
Construction in Progress	70,731	357,131	-	427,862
Total Assets Not Depreciated	675,403	357,131	-	1,032,534
Buildings and Improvements	2,953,360	-	-	2,953,360
Streets & Drainage	3,511,967	-	-	3,511,967
Transportation & Equipment	2,383,202	8,069	(22,113)	2,369,158
Totals at Historical Cost	8,848,529	8,069	(22,113)	8,834,485
Less Accumulated Depreciation:				
Buildings and Improvements	(1,204,277)	(58,368)	-	(1,262,645)
Streets and Grounds	(767,597)	(46,364)	-	(813,961)
Transportation and Equipment	(1,606,041)	(233,689)	16,815	(1,822,915)
	(3,577,915)	(338,421)	16,815	(3,899,521)
Governmental Capital Assets, Net	\$ 5,946,017	\$ 26,779	\$ (5,298)	\$ 5,967,498
<i>Business-Type Activities</i>	Balance 10/1/2014	Additions	Disposals	Balance 9/30/2015
Improvements Other Than Buildings	\$ 119,124	\$ -	\$ -	119,124
	119,124	-	-	119,124
Less Accumulated Depreciation:				
Improvement Other Than Buildings	(45,717)	(2,382)	-	(48,099)
	(45,717)	(2,382)	-	(48,099)
Business-Type Capital Assets, Net	\$ 73,407	\$ (2,382)	\$ -	\$ 71,025

**Depreciation Expense was charged to the governmental functions as follows:**

General Government	\$ 3,987
Public Safety	235,294
Public Works	89,411
Culture & Recreation	9,729
Total Depreciation Expense -	
Governmental Activities	\$ 338,421

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

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 10/1/2014	Additions	Retirements	Balance Outstanding 9/30/2015	Due Within One Year
<b>Governmental Activities</b>							
<i>General Obligation Bonds:</i>							
2011 Refunding General Obligation Bonds	\$ 584,000		\$ 429,000	\$ -	\$ (55,000)	\$ 374,000	\$ 57,000
<i>Liability for Employee:</i>							
Compensated Absences			165,878	100,365	(82,939)	183,304	91,652
<i>Total Long-Term Debt</i>			<u>\$ 594,878</u>	<u>\$ 100,365</u>	<u>\$ (137,939)</u>	<u>\$ 557,304</u>	<u>\$ 148,652</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
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	66,000	2,666	68,666
2021	68,000	898	68,898
	<u>\$ 374,000</u>	<u>\$ 30,650</u>	<u>\$ 404,650</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.

NOTE J -- DEFICIT PROPRIETARY NET POSITION

The Sewer Operations & Maintenance Fund ended the year with a deficit in net position of \$12,775. The City plans to recoup this deficit by gradual increases in sewer fees to citizens to match the increasing cost of wastewater treatment.

CITY OF BALCONES HEIGHTS, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2015

NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

**1. Plan Description**

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS retirement system.

**2. Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

	2013	2014
Inactive employees or beneficiaries currently receiving benefits	46	50
Inactive employees entitled to but not yet receiving benefits	41	43
Active employees	52	49
	139	142

**3. Contributions**

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

**3. Contributions (Continued)**

For the year ending September 30, 2015, employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.49% and 18.39% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$460,392, and were equal to the required contributions.

**4. Net Pension Liability**

The City's Net Pension Liability (NPL) or Asset was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

**5. Actuarial Assumptions**

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00% per year
Salary Increases	3.50% to 12.00%, including inflation
Investment Rate of Return*	7.00%

\*Presented net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

**5. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding the expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
	100.00%	

**6. Discount Rate**

The discount rate used to measure the Total Pension Liability was 7%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**7. Discount Rate Sensitivity Analysis**

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Discount Rate 6%	Discount Rate 7%	Discount Rate 8%
Net Pension Liability (Asset)	\$ 4,809,572	\$ 2,719,297	\$ 1,014,398

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

**8. Changes in Net Pension Liability**

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2014:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2013	\$ 14,518,013	\$ 11,806,247	\$ 2,711,766
Changes for the year:			
Service Cost	440,867	-	440,867
Interest	1,004,993	-	1,004,993
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(193,045)	-	(193,045)
Changes of Assumptions	-	-	-
Contributions - Employer	-	405,435	(405,435)
Contributions - Employee	-	172,107	(172,107)
Net Investment Income	-	675,373	(675,373)
Benefit Payments, Including Refunds of Employee Contributions	(762,811)	(762,811)	-
Administrative Expense	-	(7,051)	7,051
Other Changes	-	(580)	580
Net Changes	<u>490,004</u>	<u>482,473</u>	<u>7,531</u>
Balance at December 31, 2014	<u>\$ 15,008,017</u>	<u>\$ 12,288,720</u>	<u>\$ 2,719,297</u>

**9. Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained at [www.tmr.com](http://www.tmr.com).

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE K -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

**10. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended September 30, 2015, the City recognized pension expense of \$428,112. Also as of September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ (135,997)
Changes in Actuarial Assumptions	-	-
Differences between Projected and Actual Investment Earnings	120,851	-
Contributions Subsequent to the Measurement Date	349,433	-
	\$ 470,284	\$ (135,997)

Deferred outflows of resources in the amount of \$349,433 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year ended December 31,	
2015	\$ (26,835)
2016	(26,835)
2017	8,312
2018	30,212
	\$ (15,146)

NOTE L -- OTHER POST EMPLOYMENT BENEFIT

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.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE L -- OTHER POST EMPLOYMENT BENEFIT (Continued)

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure the adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014, and 2013 were \$4,497, \$4,026, and \$3,973, respectively, which equaled the required contributions each year.

NOTE M -- 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.

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, 2015, were \$116,299.

*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, 2015 are not likely to have a material adverse effect on the City's financial position.

*Commitments – Construction*

The City entered into engineering and construction contracts for the reconstruction of various streets within the City. The estimated future commitments associated with these contracts as of September 30, 2015 are as follows:

<u>Commitment</u>	<u>Estimated Project Cost to City</u>	<u>Expended to Date</u>	<u>Estimated Future Commitment</u>
Engineering Fees	\$ 174,500	\$ 100,100	\$ 74,400
Construction	305,705	303,431	2,274
	<u>\$ 480,205</u>	<u>\$ 403,531</u>	<u>\$ 76,674</u>

CITY OF BALCONES HEIGHTS, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
 SEPTEMBER 30, 2015

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

*Commitments – 380/381 Development Agreement*

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 has a lease agreement 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>	
2016	<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 the 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 minimal rentals as the agreement does not include monetary rental payments.

NOTE N -- 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, 2015 were \$3,327,401 and \$1,593,756 respectively. The City of Balcones Heights has no obligation for repayment of the loans.

NOTE O -- 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, 2015 amounted to \$75,000 which agreed to the minimum payment upon termination as the contract was terminated during the year.

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2015

NOTE P -- RELATED PARTY

Madeline Slay, Councilwoman is the spouse of the President of Slay Engineering. The City paid Slay Engineering \$77,113 for services during the year. Councilwoman Slay abstained from voting for the renewal contract for the City Engineer.

## 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 Changes – Net Pension Liability and Related Ratios

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, 2015  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

REVENUES	Budget Amounts		Actual 2015	Variance With	Actual 2014
	Original	Final		Final Budget- Positive (Negative)	
<i>Taxes:</i>					
Ad Valorem Tax	\$ 1,159,462	\$ 1,159,462	\$ 1,168,273	\$ 8,811	\$ 1,128,353
Penalty & Interest	8,000	8,000	7,811	(189)	5,611
City Sales Tax	1,420,000	1,450,000	1,495,013	45,013	1,432,219
Franchise Taxes	316,000	311,000	433,228	122,228	327,991
Mixed Beverage	35,000	30,000	31,836	1,836	35,201
<i>Total Taxes</i>	<u>2,938,462</u>	<u>2,958,462</u>	<u>3,136,161</u>	<u>177,699</u>	<u>2,929,375</u>
<i>Licenses and Permits</i>	<u>126,300</u>	<u>150,300</u>	<u>167,620</u>	<u>17,320</u>	<u>104,203</u>
<i>Intergovernmental</i>	<u>1,900</u>	<u>301,900</u>	<u>301,922</u>	<u>22</u>	<u>1,937</u>
<i>Charges for Services:</i>					
Court Fees & Charges	56,000	60,000	40,183	(19,817)	46,606
Other	15,010	7,110	6,563	(547)	13,944
<i>Total Charges for Services</i>	<u>71,010</u>	<u>67,110</u>	<u>46,746</u>	<u>(20,364)</u>	<u>60,550</u>
<i>Fines and Forfeitures</i>	<u>1,100,296</u>	<u>1,121,295</u>	<u>1,141,930</u>	<u>20,635</u>	<u>1,068,600</u>
<i>Other Sources:</i>					
Interest	775	575	918	343	619
Miscellaneous	80,000	87,300	112,555	25,255	91,830
<i>Total Other Sources</i>	<u>80,775</u>	<u>87,875</u>	<u>113,473</u>	<u>25,598</u>	<u>92,449</u>
<b>Total Revenues</b>	<u>\$ 4,318,743</u>	<u>\$ 4,686,942</u>	<u>\$ 4,907,852</u>	<u>\$ 220,910</u>	<u>\$ 4,257,114</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, 2015  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget-	Actual 2014
	Original	Final		Positive (Negative)	
<b>EXPENDITURES</b>					
<i>General Government:</i>					
Mayor/City Council	\$ 85,350	\$ 85,350	\$ 58,686	\$ 26,664	\$ 84,390
Secretary/Treasurer	488,298	504,948	503,040	1,908	488,188
Municipal Court	207,555	202,555	233,517	(30,962)	200,054
Public Facilities	42,000	50,000	54,898	(4,898)	42,428
Economic Development	-	300,000	300,000	-	10,400
Non-Departmental	125,015	125,015	82,659	42,356	104,532
Capital Outlay	-	-	2,537	(2,537)	-
<i>Total General Government</i>	948,218	1,267,868	1,235,337	32,531	929,992
<i>Public Safety:</i>					
Police Department	854,616	845,841	806,313	39,528	862,202
Traffic Safety Administration	805,296	805,295	853,006	(47,711)	821,658
Communications	281,610	282,151	276,278	5,873	255,533
Fire Department	1,271,470	1,257,971	1,149,958	108,013	1,183,550
Capital Outlay	30,000	23,500	8,120	15,380	30,715
<i>Total Public Safety</i>	3,242,992	3,214,758	3,093,675	121,083	3,153,658
<i>Public Works:</i>					
Building Department	101,575	132,575	139,055	(6,480)	91,129
Streets & Grounds	130,840	130,840	106,845	23,995	106,022
Animal Control	2,350	2,350	366	1,984	435
Weed and Pest Control	250	250	95	155	87
Capital Outlay	-	-	121,069	(121,069)	-
<i>Total Public Works</i>	235,015	266,015	367,430	(101,415)	197,673
<i>Health and Welfare:</i>					
Health Department	12,000	12,000	13,000	(1,000)	12,000
<i>Total Health and Welfare</i>	12,000	12,000	13,000	(1,000)	12,000
<i>Culture and Recreation:</i>					
Parks and Playground	8,750	8,750	6,226	2,524	8,050
Community Center	4,300	4,300	1,638	2,662	3,142
Community Initiatives	77,233	77,232	69,378	7,854	64,339
<i>Total Culture &amp; Recreation</i>	90,283	90,282	77,242	13,040	75,531
<b>Total Expenditures</b>	\$ 4,528,508	\$ 4,850,923	\$ 4,786,684	\$ 64,239	\$ 4,368,854

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, 2015  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	<u>Budget Amounts</u>		<b>Actual 2015</b>	Variance With	<u>Actual 2014</u>
	<u>Original</u>	<u>Final</u>		Final Budget- Positive (Negative)	
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ (209,765)</u>	<u>\$ (163,981)</u>	<u>\$ 121,168</u>	<u>\$ 285,149</u>	<u>\$ (111,740)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	231,520	250,000	<b>225,866</b>	(24,134)	125,000
Transfers Out	<u>-</u>	<u>-</u>	<b>(203,961)</b>	<u>(203,961)</u>	<u>(249,848)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>231,520</u>	<u>250,000</u>	<b>21,905</b>	<u>(228,095)</u>	<u>(124,848)</u>
<b>Net Change in Fund Balance</b>	21,755	86,019	<b>143,073</b>	57,054	(236,588)
Fund Balance - October 1	<u>1,592,350</u>	<u>1,592,350</u>	<b>1,592,350</b>	-	1,828,938
Fund Balance - September 30	<u><u>\$ 1,614,105</u></u>	<u><u>\$ 1,678,369</u></u>	<u><u>\$ 1,735,423</u></u>	<u><u>\$ 57,054</u></u>	<u><u>1,592,350</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, 2015  
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Sales Tax	\$ 700,000	\$ 725,000	\$ 735,746	\$ 10,746	\$ 704,097
Interest Income	150	150	65	(85)	35
<b>TOTAL REVENUES</b>	700,150	725,150	735,811	10,661	704,132
<b>EXPENDITURES</b>					
<i>Current:</i>					
Personnel	598,397	613,397	549,217	64,180	489,661
Administrative	9,350	9,850	8,737	1,113	8,038
Facilities Operating	66,000	68,000	118,837	(50,837)	71,611
<b>TOTAL EXPENDITURES</b>	673,747	691,247	676,791	14,456	569,310
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	26,403	33,903	59,020	25,117	134,822
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (Out) to Primary Government	-	-	-	-	(223,388)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	-	(223,388)
<b>Net Change in Fund Balance</b>	26,403	33,903	59,020	25,117	(88,566)
Fund Balance - October 1	237,377	237,377	237,377	-	325,943
Fund Balance - September 30	\$ 263,780	\$ 271,280	\$ 296,397	\$ 25,117	\$ 237,377

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2015

**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  
 SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS  
 LAST CALENDAR YEAR

Total Pension Liability	
	2014
Service Cost	\$ 440,867
Interest (on the Total Pension Liability)	1,004,993
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(193,045)
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(762,811)
Net Change in Total Pension Liability	490,004
Total Pension Liability - Beginning	14,518,013
Total Pension Liability - Ending	\$ 15,008,017
Plan Fiduciary Net Position	
	2014
Contributions - Employer	\$ 405,435
Contributions - Employee	172,107
Net Investment Income	675,373
Benefit Payments, Including Refunds of Employee Contributions	(762,811)
Administrative Expense	(7,051)
Other	(580)
Net Change in Plan Fiduciary Net Position	482,473
Plan Fiduciary Net Position - Beginning	11,806,247
Plan Fiduciary Net Position - Ending	\$ 12,288,720
Net Pension Liability (Asset) - Ending	\$ 2,719,297
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.88%
Covered Employee Payroll	\$ 2,458,674
Net Pension Liability as a Percentage of Covered Employee Payroll	110.60%

CITY OF BALCONES HEIGHTS, TEXAS  
NOTES TO SCHEDULE OF CHANGES – NET PENSION LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2015

**Schedule of Contributions:**

	2014
Actuarially Determined Contribution	\$ 460,392
Contribution in Relation to the Actuarially Determined Contribution	460,392
Contribution Deficiency (Excess)	\$ -
 Covered Employee Payroll	\$ 2,573,011
 Contributions as a Percentage of Covered Employee Payroll	17.89%

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year Smoothed Market, 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.



## 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 Statements – General Fund
- Combining Statements – Nonmajor Governmental Funds
- Statement of Revenues, Expenditures & Change in Fund Balance – Budget and Actual – Nonmajor Governmental Funds

CITY OF BALCONES HEIGHTS, TEXAS  
 COMPARATIVE BALANCE SHEETS  
 GENERAL FUND  
 SEPTEMBER 30, 2015 AND 2014

	2015	2014
<b>ASSETS</b>		
Cash and Investments	\$ 1,739,264	\$ 1,755,115
Receivables (net of allowances for uncollectibles):		
Taxes	14,659	16,795
Due from Other Governments	552,542	257,535
Miscellaneous	89,846	30,392
Due from Other Funds	173,861	68,790
Prepaid Items	-	16,051
<b>TOTAL ASSETS</b>	<b>\$ 2,570,172</b>	<b>\$ 2,144,678</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 471,323	\$ 177,142
Accrued Expenditures	79,037	69,815
Due to Other Funds	12,212	-
Advance from Other Funds	48,383	67,568
Due to Other Governments	215,558	221,008
<b>Total Liabilities</b>	<b>826,513</b>	<b>535,533</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenues	8,236	16,795
<b>Total Deferred Inflows of Resources</b>	<b>8,236</b>	<b>16,795</b>
<b>FUND BALANCE</b>		
Nonspendable:		
Prepays	-	16,051
Restricted:		
Public Safety & Security	5,846	6,247
PEG Fees	-	17,022
Assigned:		
Street Maintenance	226,566	321,555
Economic Development	60,000	10,000
Unassigned	1,443,011	1,221,475
<b>Total Fund Balances</b>	<b>1,735,423</b>	<b>1,592,350</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND BALANCES</b>	<b>\$ 2,570,172</b>	<b>\$ 2,144,678</b>

CITY OF BALCONES HEIGHTS, TEXAS  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GENERAL FUND  
 FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Taxes	\$ 3,136,161	\$ 2,929,375
Licenses and Permits	167,620	104,203
Intergovernmental	301,922	1,937
Charges for Services	46,746	60,550
Fines and Forfeits	1,141,930	1,068,600
Interest	918	619
Miscellaneous	112,555	91,830
<b>TOTAL REVENUES</b>	<u>4,907,852</u>	<u>4,257,114</u>
<b>EXPENDITURES</b>		
Current:		
General Government	1,232,800	929,992
Public Safety	3,085,555	3,122,943
Public Works	246,361	197,673
Health & Welfare	13,000	12,000
Culture & Recreation	77,242	75,531
Capital Projects/Outlay	131,726	30,715
<b>TOTAL EXPENDITURES</b>	<u>4,786,684</u>	<u>4,368,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>121,168</u>	<u>(111,740)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	225,866	125,000
Proceeds from Disposal of Assets	<u>(203,961)</u>	<u>(249,848)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>21,905</u>	<u>(124,848)</u>
Net Change in Fund Balances	143,073	(236,588)
Fund Balances at Beginning of Year	<u>1,592,350</u>	<u>1,828,938</u>
Fund Balances at End of Year	<u>\$ 1,735,423</u>	<u>\$ 1,592,350</u>



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.

**PEG Fund** – To account for revenues received from PEG Fees.

CITY OF BALCONES HEIGHTS, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2015

	Debt Service Fund	Federal Asset Forfeiture	State Asset Forfeiture	Traffic Safety Fund
<b>ASSETS</b>				
Cash and Investments	\$ 49,244	\$ 137,200	\$ 27,092	\$ 136,766
Taxes Receivable	696	-	-	-
Other Receivables	-	-	-	345
Due from Other Funds	12,212	-	-	-
Advance to Other Funds	-	-	-	-
<b>Total Assets</b>	<b>\$ 62,152</b>	<b>\$ 137,200</b>	<b>\$ 27,092</b>	<b>\$ 137,111</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 15,775
Accrued Expenditures	-	-	-	3,219
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,994</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues	315	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Non Spendable:				
Interfund Advance	-	-	-	-
Restricted:				
Debt Service	61,837	-	-	-
Hotel/Motel	-	-	-	-
Public Safety & Security	-	137,200	27,092	-
Traffic Safety	-	-	-	118,117
PEG Funds	-	-	-	-
Assigned:				
Impound Facility & Auction	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>61,837</b>	<b>137,200</b>	<b>27,092</b>	<b>118,117</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<b>\$ 62,152</b>	<b>\$ 137,200</b>	<b>\$ 27,092</b>	<b>\$ 137,111</b>

Hotel/Motel Tax Fund	Child Safety Fund	Impound Facility Fund	Impound Auction Fund	Security and Technology Fund	PEG Fund	Total 2015
\$ 385,741	\$ 18,945	\$ 145,819	\$ 27,494	\$ 17,810	\$ 22,513	\$ 968,624
16,068	-	-	-	-	-	16,764
67	305	881	38	300	1,366	3,302
-	-	-	-	-	-	12,212
48,383	-	-	-	-	-	48,383
<u>\$ 450,259</u>	<u>\$ 19,250</u>	<u>\$ 146,700</u>	<u>\$ 27,532</u>	<u>\$ 18,110</u>	<u>\$ 23,879</u>	<u>\$ 1,049,285</u>
\$ 2,983	\$ -	\$ 4,023	\$ 825	\$ -	\$ -	\$ 23,606
2,456	-	-	-	212	-	5,887
<u>5,439</u>	<u>-</u>	<u>4,023</u>	<u>825</u>	<u>212</u>	<u>-</u>	<u>29,493</u>
-	-	-	-	-	-	315
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>315</u>
29,197	-	-	-	-	-	29,197
-	-	-	-	-	-	61,837
415,623	-	-	-	-	-	415,623
-	19,250	-	-	29,497	-	213,039
-	-	-	-	-	-	118,117
-	-	-	-	-	23,879	23,879
-	-	142,677	26,707	-	-	169,384
-	-	-	-	(11,599)	-	(11,599)
<u>444,820</u>	<u>19,250</u>	<u>142,677</u>	<u>26,707</u>	<u>17,898</u>	<u>23,879</u>	<u>1,019,477</u>
<u>\$ 450,259</u>	<u>\$ 19,250</u>	<u>\$ 146,700</u>	<u>\$ 27,532</u>	<u>\$ 18,110</u>	<u>\$ 23,879</u>	<u>\$ 1,049,285</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, 2015

	Debt Service Fund	Federal Asset Forfeiture	State Asset Forfeiture	Traffic Safety Fund
<b>REVENUES</b>				
Taxes	\$ 68,333	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Fines and Forfeits	-	28,438	880	296,099
Interest/Misc. Income	16	1	2	6
<b>TOTAL REVENUES</b>	<u>68,349</u>	<u>28,439</u>	<u>882</u>	<u>296,105</u>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Safety	-	20,643	5	289,628
Health & Welfare	-	-	-	-
Culture & Recreation	-	-	-	-
Debt Service:				
Principal	55,000	-	-	-
Interest and Fiscal Charges	17,456	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>72,456</u>	<u>20,643</u>	<u>5</u>	<u>289,628</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,107)</u>	<u>7,796</u>	<u>877</u>	<u>6,477</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(4,107)	7,796	877	6,477
Beginning Fund Balance - October 1	<u>65,944</u>	<u>129,404</u>	<u>26,215</u>	<u>111,640</u>
Ending Fund Balance - September 30	<u>\$ 61,837</u>	<u>\$ 137,200</u>	<u>\$ 27,092</u>	<u>\$ 118,117</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>PEG Fund</u>	<u>Total 2015</u>
\$ 247,452	\$ -	\$ -	\$ -	\$ -	\$ 6,857	\$ 322,642
-	-	189,371	64,453	-	-	253,824
-	3,649	-	-	13,501	-	342,567
113	3	13	8	3	-	165
<u>247,565</u>	<u>3,652</u>	<u>189,384</u>	<u>64,461</u>	<u>13,504</u>	<u>6,857</u>	<u>919,198</u>
-	-	-	-	11,184	-	11,184
-	-	58,402	16,051	-	-	384,729
-	9,168	-	-	-	-	9,168
205,539	-	-	-	-	-	205,539
-	-	-	-	-	-	55,000
-	-	-	-	-	-	17,456
<u>205,539</u>	<u>9,168</u>	<u>58,402</u>	<u>16,051</u>	<u>11,184</u>	<u>-</u>	<u>683,076</u>
<u>42,026</u>	<u>(5,516)</u>	<u>130,982</u>	<u>48,410</u>	<u>2,320</u>	<u>6,857</u>	<u>236,122</u>
-	-	-	-	-	17,022	17,022
-	-	(125,000)	(50,000)	-	-	(175,000)
-	-	(125,000)	(50,000)	-	17,022	(157,978)
42,026	(5,516)	5,982	(1,590)	2,320	23,879	78,144
<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>\$ 444,820</u>	<u>\$ 19,250</u>	<u>\$ 142,677</u>	<u>\$ 26,707</u>	<u>\$ 17,898</u>	<u>\$ 23,879</u>	<u>\$ 1,019,477</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Ad Valorem Tax	\$ 68,952	\$ 68,952	\$ 68,333	\$ (619)	\$ 65,407
Interest Income	100	100	16	(84)	20
<b>TOTAL REVENUES</b>	<u>69,052</u>	<u>69,052</u>	<u>68,349</u>	<u>(703)</u>	<u>65,427</u>
<b>EXPENDITURES</b>					
<i>Debt Service:</i>					
Principal	55,000	55,000	55,000	-	312,000
Interest and Fiscal Charges	14,300	14,300	17,456	(3,156)	27,792
<b>TOTAL EXPENDITURES</b>	<u>69,300</u>	<u>69,300</u>	<u>72,456</u>	<u>(3,156)</u>	<u>339,792</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(248)</u>	<u>(248)</u>	<u>(4,107)</u>	<u>(3,859)</u>	<u>(274,365)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	223,388
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,388</u>
<b>Net Change in Fund Balance</b>	(248)	(248)	(4,107)	(3,859)	(50,977)
Fund Balance - October 1	65,944	65,944	65,944	-	116,921
Fund Balance - September 30	<u>\$ 65,696</u>	<u>\$ 65,696</u>	<u>\$ 61,837</u>	<u>\$ (3,859)</u>	<u>\$ 65,944</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
FEDERAL ASSET FORFEITURE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Fines and Forfeits	\$ 15,010	\$ 50,000	\$ 28,438	\$ (21,562)	\$ 48,824
Interest Income	-	10	1	(9)	1
<b>TOTAL REVENUES</b>	15,010	50,010	28,439	(21,571)	48,825
<b>EXPENDITURES</b>					
<i>Current:</i>					
Public Safety	15,010	50,010	20,643	29,367	5,947
Capital Outlay	-	-	-	-	104,846
<b>TOTAL EXPENDITURES</b>	15,010	50,010	20,643	29,367	110,793
<b>Net Change in Fund Balance</b>	-	-	7,796	7,796	(61,968)
Fund Balance - October 1	129,404	129,404	129,404	-	191,372
Fund Balance - September 30	\$ 129,404	\$ 129,404	\$ 137,200	\$ 7,796	\$ 129,404

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
STATE ASSET FORFEITURE FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	<u>Budget Amounts</u>		<b>Actual 2015</b>	Variance With Final Budget- Positive (Negative)	Actual 2014
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Fines and Forfeits	\$ 5,000	\$ 5,000	\$ 880	\$ (4,120)	\$ 1,442
Interest Income	-	-	2	2	2
<b>TOTAL REVENUES</b>	<u>5,000</u>	<u>5,000</u>	<u>882</u>	<u>(4,118)</u>	<u>1,444</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Public Safety	5,000	5,000	5	4,995	3
<b>TOTAL EXPENDITURES</b>	<u>5,000</u>	<u>5,000</u>	<u>5</u>	<u>4,995</u>	<u>3</u>
<b>Net Change in Fund Balance</b>	-	-	877	877	1,441
Fund Balance - October 1	26,215	26,215	26,215	-	24,774
Fund Balance - September 30	<u>\$ 26,215</u>	<u>\$ 26,215</u>	<u>\$ 27,092</u>	<u>\$ 877</u>	<u>\$ 26,215</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
TRAFFIC SAFETY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Fines and Forfeits	\$ 298,284	\$ 298,284	\$ 296,099	\$ (2,185)	\$ 317,968
Interest Income	10	10	6	(4)	3
<b>TOTAL REVENUES</b>	298,294	298,294	296,105	(2,189)	317,971
<b>EXPENDITURES</b>					
<i>Current:</i>					
Public Safety	293,573	312,573	289,628	22,945	240,480
Capital Outlay	4,721	721	-	721	46,719
<b>TOTAL EXPENDITURES</b>	298,294	313,294	289,628	23,666	287,199
<b>Net Change in Fund Balance</b>	-	(15,000)	6,477	21,477	30,772
Fund Balance - October 1	111,640	111,640	111,640	-	80,868
Fund Balance - September 30	\$ 111,640	\$ 96,640	\$ 118,117	\$ 21,477	\$ 111,640

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
HOTEL/MOTEL TAX FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	<u>Budget Amounts</u>		<b>Actual 2015</b>	Variance With Final Budget-	Actual 2014
	<u>Original</u>	<u>Final</u>		Positive (Negative)	
<b>REVENUES</b>					
Occupancy Tax	\$ 207,000	\$ 220,000	\$ 247,452	\$ 27,452	\$ 226,349
Interest Income	100	100	113	13	83
Miscellaneous Income	-	-	-	-	1,679
<b>TOTAL REVENUES</b>	<u>207,100</u>	<u>220,100</u>	<u>247,565</u>	<u>27,465</u>	<u>228,111</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Culture & Recreation	207,100	213,100	205,539	7,561	174,816
<b>TOTAL EXPENDITURES</b>	<u>207,100</u>	<u>213,100</u>	<u>205,539</u>	<u>7,561</u>	<u>174,816</u>
<b>Net Change in Fund Balance</b>	-	7,000	42,026	35,026	53,295
Fund Balance - October 1	402,794	402,794	402,794	-	349,499
Fund Balance - September 30	<u>\$ 402,794</u>	<u>\$ 409,794</u>	<u>\$ 444,820</u>	<u>\$ 35,026</u>	<u>\$ 402,794</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
CHILD SAFETY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Fines and Forfeits	\$ 3,300	\$ 3,300	\$ 3,649	\$ 349	\$ 3,495
Interest Income	10	10	3	(7)	2
Miscellaneous Income	-	8,300	-	(8,300)	-
<b>TOTAL REVENUES</b>	3,310	11,610	3,652	(7,958)	3,497
<b>EXPENDITURES</b>					
<i>Current:</i>					
Public Safety	3,310	11,590	9,168	2,422	967
<b>TOTAL EXPENDITURES</b>	3,310	11,590	9,168	2,422	967
<b>Net Change in Fund Balance</b>	-	20	(5,516)	(5,536)	2,530
Fund Balance - October 1	24,766	24,766	24,766	-	22,236
Fund Balance - September 30	\$ 24,766	\$ 24,786	\$ 19,250	\$ (5,536)	\$ 24,766

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
IMPOUND FACILITY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Charges for Services	\$ 241,200	\$ 241,200	\$ 189,371	\$ (51,829)	\$ 201,914
Interest Income	10	10	13	3	13
<b>TOTAL REVENUES</b>	<u>241,210</u>	<u>241,210</u>	<u>189,384</u>	<u>(51,826)</u>	<u>201,927</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	64,800	64,800	58,402	6,398	57,733
<b>TOTAL EXPENDITURES</b>	<u>64,800</u>	<u>64,800</u>	<u>58,402</u>	<u>6,398</u>	<u>57,733</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>176,410</u>	<u>176,410</u>	<u>130,982</u>	<u>(45,428)</u>	<u>144,194</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer Out	(176,410)	(176,410)	(125,000)	51,410	(75,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(176,410)</u>	<u>(176,410)</u>	<u>(125,000)</u>	<u>51,410</u>	<u>(75,000)</u>
<b>Net Change in Fund Balance</b>	-	-	5,982	5,982	69,194
Fund Balance - October 1	136,695	136,695	136,695	-	67,501
Fund Balance - September 30	<u>\$ 136,695</u>	<u>\$ 136,695</u>	<u>\$ 142,677</u>	<u>\$ 5,982</u>	<u>\$ 136,695</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
IMPOUND AUCTION FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Charges for Services	\$ 75,000	\$ 75,000	\$ 64,453	\$ (10,547)	\$ 55,450
Interest Income	10	10	8	(2)	7
<b>TOTAL REVENUES</b>	<u>75,010</u>	<u>75,010</u>	<u>64,461</u>	<u>(10,549)</u>	<u>55,457</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	19,900	19,900	16,051	3,849	10,920
<b>TOTAL EXPENDITURES</b>	<u>19,900</u>	<u>19,900</u>	<u>16,051</u>	<u>3,849</u>	<u>10,920</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>55,110</u>	<u>55,110</u>	<u>48,410</u>	<u>(6,700)</u>	<u>44,537</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer Out	(55,110)	(55,110)	(50,000)	5,110	(50,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(55,110)</u>	<u>(55,110)</u>	<u>(50,000)</u>	<u>5,110</u>	<u>(50,000)</u>
<b>Net Change in Fund Balance</b>	-	-	(1,590)	(1,590)	(5,463)
Fund Balance - October 1	28,297	28,297	28,297	-	33,760
Fund Balance - September 30	<u>\$ 28,297</u>	<u>\$ 28,297</u>	<u>\$ 26,707</u>	<u>\$ (1,590)</u>	<u>\$ 28,297</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SECURITY AND TECHNOLOGY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	<u>Budget Amounts</u>		<b>Actual 2015</b>	Variance With Final Budget-	Actual 2014
	<u>Original</u>	<u>Final</u>		Positive (Negative)	
<b>REVENUES</b>					
Fines and Forfeits	\$ 21,000	\$ 17,500	\$ 13,501	\$ (3,999)	\$ 12,430
Interest Income	20	20	3	(17)	2
<b>TOTAL REVENUES</b>	<u>21,020</u>	<u>17,520</u>	<u>13,504</u>	<u>(4,016)</u>	<u>12,432</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
Public Safety	21,020	21,020	11,184	9,836	24,845
<b>TOTAL EXPENDITURES</b>	<u>21,020</u>	<u>21,020</u>	<u>11,184</u>	<u>9,836</u>	<u>24,845</u>
<b>Net Change in Fund Balance</b>	-	(3,500)	2,320	5,820	(12,413)
Fund Balance - October 1	15,578	15,578	15,578	-	27,991
Fund Balance - September 30	<u>\$ 15,578</u>	<u>\$ 12,078</u>	<u>\$ 17,898</u>	<u>\$ 5,820</u>	<u>\$ 15,578</u>

CITY OF BALCONES HEIGHTS, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
PEG FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2015  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2014)

	Budget Amounts		Actual 2015	Variance With Final Budget- Positive (Negative)	Actual 2014
	Original	Final			
<b>REVENUES</b>					
Franchise Taxes	\$ -	\$ -	\$ 6,857	\$ 6,857	\$ -
<b>TOTAL REVENUES</b>	<u>-</u>	<u>-</u>	<u>6,857</u>	<u>6,857</u>	<u>-</u>
<b>EXPENDITURES</b>					
<i>Current:</i>					
General Government	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>6,857</u>	<u>6,857</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	17,022	(17,022)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>17,022</u>	<u>(17,022)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	-	-	23,879	(10,165)	-
Fund Balance - October 1	-	-	-	-	-
Fund Balance - September 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,879</u>	<u>\$ (10,165)</u>	<u>\$ -</u>



CITY OF BALCONES HEIGHTS, TEXAS  
STATISTICAL SECTION  
SEPTEMBER 30, 2015

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  
Top 10 Sales Tax Providers  
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.*

Operating Information

Operating Indicators by Function  
Capital Asset Statistics by Function  
Full-time Equivalent City Government Employees by Function

*These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.*

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

	Fiscal Year			
	2006	2007	2008	2009
<b>NET POSITION</b>				
<i>Governmental Activities:</i>				
Net Investment in Capital Assets	\$ 1,570,744	\$ 2,368,441	\$ 2,533,252	\$ 2,981,397
Restricted	305,712	321,380	328,270	285,014
Unrestricted	2,148,471	2,545,478	3,302,167	3,029,187
<i>Total Governmental Activities</i>				
<i>Net Position</i>	<u>\$ 4,024,927</u>	<u>\$ 5,235,299</u>	<u>\$ 6,163,689</u>	<u>\$ 6,295,598</u>
<i>Business-Type Activities:</i>				
Investment in Capital Assets	\$ 92,465	\$ 90,083	\$ 87,700	\$ 85,317
Restricted	-	-	-	-
Unrestricted	605,313	683,195	165,648	91,278
<i>Total Business-Type Activities</i>				
<i>Net Position</i>	<u>\$ 697,778</u>	<u>\$ 773,278</u>	<u>\$ 253,348</u>	<u>\$ 176,595</u>
<i>Primary Government:</i>				
Net Investment in Capital Assets	\$ 1,663,209	\$ 2,458,524	\$ 2,620,952	\$ 3,066,714
Restricted	305,712	321,380	328,270	285,014
Unrestricted	2,753,784	3,228,673	3,467,815	3,120,465
<i>Total Primary Government</i>				
<i>Net Position</i>	<u>\$ 4,722,705</u>	<u>\$ 6,008,577</u>	<u>\$ 6,417,037</u>	<u>\$ 6,472,193</u>

*GASB Statement No. 68 reporting requirements were implemented in fiscal year 2015. The above information prior to 2015 has not been restated as information is to be reported prospectively.*

TABLE 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,251,453	\$ 3,480,618	\$ 4,412,898	\$ 4,715,596	\$ 5,517,017	\$ 5,593,498
491,639	559,418	532,320	819,550	1,051,900	1,163,427
<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>461,520</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>	<u>\$ 7,218,445</u>
\$ 82,935	\$ 80,553	\$ 78,171	\$ 75,789	\$ 73,407	\$ 71,025
-	-	-	-	-	-
<u>64,799</u>	<u>78,455</u>	<u>64,914</u>	<u>14,728</u>	<u>2,640</u>	<u>(12,775)</u>
<u>\$ 147,734</u>	<u>\$ 159,008</u>	<u>\$ 143,085</u>	<u>\$ 90,517</u>	<u>\$ 76,047</u>	<u>\$ 58,250</u>
\$ 3,334,388	\$ 3,561,171	\$ 4,491,069	\$ 4,791,385	\$ 5,590,424	\$ 5,664,523
491,639	559,418	532,320	819,550	1,051,900	1,163,427
<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>448,745</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>	<u>\$ 7,276,695</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Expenses</b>				
<i>Governmental Activities:</i>				
General Government	\$ 703,850	\$ 871,185	\$ 1,230,688	\$ 1,156,651
Public Safety	1,957,249	2,157,766	2,508,393	3,050,580
Public Works	256,804	153,150	218,044	330,237
Health and Welfare	12,000	12,000	12,000	12,000
Culture and Recreation	184,110	267,544	291,314	309,416
Capital Outlay	-	44,483	80,264	20,604
Interest on Long-Term Debt	111,721	136,114	129,072	109,770
<i>Total Governmental Activities Expenses</i>	<u>3,225,734</u>	<u>3,642,242</u>	<u>4,469,775</u>	<u>4,989,258</u>
 <i>Business-Type Activities:</i>				
Wastewater	376,964	356,735	340,655	376,660
<i>Total Business-Type Activities Expenses</i>	<u>376,964</u>	<u>356,735</u>	<u>340,655</u>	<u>376,660</u>
<b>Total Primary Government Expenses</b>	<u><u>\$ 3,602,698</u></u>	<u><u>\$ 3,998,977</u></u>	<u><u>\$ 4,810,430</u></u>	<u><u>\$ 5,365,918</u></u>
 <b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for Service:				
General Government	\$ 61,975	\$ 55,756	\$ 157,775	\$ 98,040
Public Safety	317,505	726,540	986,414	1,287,773
Public Works	1,679	2,800	3,920	450
Culture and Recreation	5,066	5,415	8,355	12,330
Operating Grants and Contributions	40,464	85,255	1,895	1,990
Capital Grant and Contributions	78,900	408,425	49,686	281,080
<i>Total Governmental Activities Program Revenues</i>	<u>505,589</u>	<u>1,284,191</u>	<u>1,208,045</u>	<u>1,681,663</u>
 <i>Business-Type Activities:</i>				
Charges for Service:				
Wastewater	430,027	399,160	383,695	391,671
<i>Total Business-Type Activities Program Revenues</i>	<u>430,027</u>	<u>399,160</u>	<u>383,695</u>	<u>391,671</u>
<b>Total Primary Government Program Revenues</b>	<u><u>\$ 935,616</u></u>	<u><u>\$ 1,683,351</u></u>	<u><u>\$ 1,591,740</u></u>	<u><u>\$ 2,073,334</u></u>

*GASB Statement No. 68 reporting requirements were implemented in fiscal year 2015. The above information prior to 2015 has not been restated as information is to be reported prospectively.*

TABLE 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 753,441	\$ 911,411	\$ 1,000,171	\$ 987,456	\$ 1,026,656	\$ 1,345,717
3,856,095	4,156,989	4,096,781	4,015,397	4,153,525	4,070,939
241,882	331,523	244,048	264,227	281,450	437,205
14,949	20,423	13,354	13,073	12,967	22,168
277,075	344,481	256,667	256,089	262,702	293,935
39,460	61,052	-	-	-	-
89,193	82,651	58,525	62,419	30,978	17,335
<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>6,187,299</u>
410,710	404,744	458,527	529,576	563,415	582,257
410,710	404,744	458,527	529,576	563,415	582,257
<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>	<u>\$ 6,769,556</u>
\$ 173,610	\$ 219,926	\$ 156,698	\$ 288,970	\$ 167,308	\$ 198,210
2,224,942	2,329,625	1,919,566	1,795,054	1,697,968	1,737,424
1,034	1,250	11,806	725	1,400	14,114
7,720	6,852	5,335	5,735	8,200	2,940
37,470	8,909	-	-	1,937	301,922
75,763	5,000	404,886	137,496	226,405	346,104
<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>2,600,714</u>
381,841	416,003	442,596	477,004	548,943	564,457
381,841	416,003	442,596	477,004	548,943	564,457
<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>	<u>\$ 3,165,171</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Net (Expenses) Revenues</b>				
Governmental Activities	\$(2,720,145)	\$(2,358,051)	\$(3,261,730)	\$(3,307,595)
Business-Type Activities	53,063	42,425	43,040	15,011
<b>Total Primary Government Net (Expenses) Revenues</b>	<u>(2,667,082)</u>	<u>(2,315,626)</u>	<u>(3,218,690)</u>	<u>(3,292,584)</u>
<b>General Revenues and Other Changes in Net Position</b>				
<i>Governmental Activities:</i>				
General Property Taxes	964,915	978,180	1,040,744	1,099,899
Franchise Taxes	273,666	268,169	282,575	291,202
Sales Taxes	1,694,814	1,760,152	1,722,223	1,598,051
Hotel Occupancy Taxes	263,560	257,697	306,089	200,329
Mixed Beverage Tax	34,785	39,029	42,163	39,673
Interest and Investment Earnings	93,348	142,647	100,440	16,888
Miscellaneous	38,470	72,549	89,886	101,381
Gain on sale of capital assets	80,772	50,000	-	-
Transfers	-	-	606,000	92,081
<i>Total Governmental Activities</i>	<u>3,444,330</u>	<u>3,568,423</u>	<u>4,190,120</u>	<u>3,439,504</u>
<i>Business-Type Activities:</i>				
Interest and Investment Earnings	25,598	33,075	43,030	317
Transfers	-	-	(606,000)	(92,081)
<i>Total Business-Type Activities</i>	<u>25,598</u>	<u>33,075</u>	<u>(562,970)</u>	<u>(91,764)</u>
<b>Change in Net Position</b>				
Governmental Activities	724,185	1,210,372	928,390	131,909
Business-Type Activities	78,661	75,500	(519,930)	(76,753)
<i>Total Primary Government</i>	<u>\$ 802,846</u>	<u>\$ 1,285,872</u>	<u>\$ 408,460</u>	<u>\$ 55,156</u>

*GASB Statement No. 68 reporting requirements were implemented in fiscal year 2015. The above information prior to 2015 has not been restated as information is to be reported prospectively.*

TABLE 2 (CONTINUED)

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$(2,751,556)	\$(3,336,968)	\$(3,171,255)	\$(3,370,681)	\$(3,665,060)	\$(3,586,585)
<u>(28,869)</u>	<u>11,259</u>	<u>(15,931)</u>	<u>(52,572)</u>	<u>(14,472)</u>	<u>(17,800)</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>	<u>(3,604,385)</u>
1,118,366	1,154,753	1,180,873	1,220,099	1,197,071	1,235,356
281,890	285,523	289,779	288,083	327,991	440,084
1,609,758	1,715,743	1,897,308	2,061,790	2,136,316	2,230,758
185,375	167,319	196,051	210,661	226,349	247,452
45,657	34,467	29,259	28,924	35,201	31,836
4,813	3,568	2,854	2,487	2,563	3,569
77,496	73,486	207,133	531,892	93,510	107,257
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>4,296,312</u>
8	15	8	4	2	3
-	-	-	-	-	-
<u>8</u>	<u>15</u>	<u>8</u>	<u>4</u>	<u>2</u>	<u>3</u>
571,799	97,891	632,002	973,255	353,941	709,727
<u>(28,861)</u>	<u>11,274</u>	<u>(15,923)</u>	<u>(52,568)</u>	<u>(14,470)</u>	<u>(17,797)</u>
<u>\$ 542,938</u>	<u>\$ 109,165</u>	<u>\$ 616,079</u>	<u>\$ 920,687</u>	<u>\$ 339,471</u>	<u>\$ 691,930</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<i>Nonspendable Fund Balance:</i>				
Prepaid Items	\$ 15,103	\$ 2,809	\$ 2,992	\$ 2,100
Interfund Advance	-	-	-	144,296
<i>Total Nonspendable Fund Balance</i>	<u>15,103</u>	<u>2,809</u>	<u>2,992</u>	<u>146,396</u>
<i>Restricted Fund Balance:</i>				
Crime Control & Prevention	307,510	390,891	379,067	326,069
Debt Service	236,429	229,136	238,243	231,914
Hotel/Motel	638,797	635,331	688,959	455,515
Police & Security	95,836	124,462	111,521	68,505
Traffic Safety	-	-	58,079	32,612
PEG Fees	-	-	-	-
<i>Total Restricted Fund Balance</i>	<u>1,278,572</u>	<u>1,379,820</u>	<u>1,475,869</u>	<u>1,114,615</u>
<i>Assigned Fund Balance:</i>				
Capital Projects	2,917	339,651	1,085,206	1,181,435
Street Maintenance	331,835	190,443	247,253	262,333
Economic Development	-	-	-	-
Impound Facility & Auction	-	-	-	23,672
<i>Total Assigned Fund Balance</i>	<u>334,752</u>	<u>530,094</u>	<u>1,332,459</u>	<u>1,467,440</u>
Unassigned Fund Balance	<u>906,233</u>	<u>1,039,214</u>	<u>940,660</u>	<u>706,017</u>
<i>Total Governmental Funds</i>	<u>\$ 2,534,660</u>	<u>\$ 2,951,937</u>	<u>\$ 3,751,980</u>	<u>\$ 3,434,468</u>

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

TABLE 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 27,706	\$ 335	\$ -	\$ 9,281	\$ 21,335	\$ -
125,110	105,939	86,754	67,568	48,383	29,197
<u>152,816</u>	<u>106,274</u>	<u>86,754</u>	<u>76,849</u>	<u>69,718</u>	<u>29,197</u>
275,880	267,192	275,315	325,943	234,477	296,397
235,671	129,006	115,587	116,921	65,944	61,837
395,054	255,920	229,170	281,931	353,559	415,623
174,394	112,135	103,628	286,319	218,783	218,885
79,258	56,522	35,630	80,868	110,108	118,117
-	-	6,782	11,839	17,022	23,879
<u>1,160,257</u>	<u>820,775</u>	<u>766,112</u>	<u>1,103,821</u>	<u>999,893</u>	<u>1,134,738</u>
1,183,682	1,304,632	972,119	1,127,714	994,876	1,134,236
263,363	279,455	294,767	303,771	321,555	226,566
-	-	-	20,400	10,000	60,000
<u>143,919</u>	<u>150,973</u>	<u>132,747</u>	<u>101,261</u>	<u>164,992</u>	<u>169,384</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>1,590,186</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>1,431,412</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>	<u>\$ 4,185,533</u>

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

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
Taxes	\$ 3,238,179	\$ 3,306,131	\$ 3,396,284	\$ 3,231,593
Licenses and Permits	44,656	32,782	135,113	74,074
Intergovernmental	119,364	493,681	51,581	283,070
Charges for Services	225,676	330,643	257,443	351,861
Fines and Forfeits	115,832	427,084	763,907	972,658
Interest	93,405	142,647	100,442	16,888
Miscellaneous	316,934	122,550	92,746	101,381
<b>Total Revenues</b>	<u>4,154,046</u>	<u>4,855,518</u>	<u>4,797,516</u>	<u>5,031,525</u>
<b>Expenditures</b>				
General Government	635,961	869,880	1,219,301	1,120,597
Public Safety	1,971,327	2,025,851	2,313,565	2,867,116
Public Works	188,719	111,134	149,612	299,351
Health and Welfare	12,000	12,000	26,548	17,119
Culture and Recreation	175,302	263,113	280,725	299,253
Capital Projects Outlay	842,197	768,565	388,289	436,818
Debt Service:				
Principal	252,469	254,212	258,763	284,652
Interest and Fiscal Charges	109,171	133,486	126,622	127,420
Bond Issue Costs	-	-	-	27,492
<b>Total Expenditures</b>	<u>4,187,146</u>	<u>4,438,241</u>	<u>4,763,425</u>	<u>5,479,818</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(33,100)</u>	<u>417,277</u>	<u>34,091</u>	<u>(448,293)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	324,725	653,408	1,097,681	483,135
Transfers Out	(324,725)	(653,408)	(491,681)	(391,054)
Proceeds from Disposal of Assets	-	-	-	-
Proceeds of Long-Term Financing	791,698	-	159,952	1,229,000
Payments to Refund Agent	-	-	-	(1,190,300)
<b>Total Other Financing Sources (Uses)</b>	<u>791,698</u>	<u>-</u>	<u>765,952</u>	<u>130,781</u>
<b>Net Change in Fund Balance</b>	<u>\$ 758,598</u>	<u>\$ 417,277</u>	<u>\$ 800,043</u>	<u>\$ (317,512)</u>
Debt Service as a Percentage of Noncapital Expenditures	12.10%	11.81%	8.81%	8.72%

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,238,770	\$ 3,357,928	\$ 3,590,005	\$ 3,808,211	\$ 3,925,228	\$ 4,194,549
141,558	173,175	128,798	85,109	104,203	167,620
113,233	13,909	404,886	137,496	228,342	648,026
870,482	906,263	648,845	489,696	317,914	300,570
1,395,266	1,478,215	1,315,761	1,515,679	1,452,759	1,484,497
4,813	3,568	2,854	2,487	2,563	3,569
77,496	73,486	178,633	529,586	93,510	112,555
<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>	<u>6,911,386</u>
739,080	907,593	984,644	977,654	1,026,478	1,362,821
3,641,037	3,905,118	3,886,039	3,796,337	3,935,725	4,028,238
172,519	257,423	178,145	189,101	197,673	246,361
14,949	20,423	13,354	13,073	12,967	22,168
264,784	333,613	248,751	246,028	250,347	282,781
218,954	219,704	947,137	312,032	802,162	476,964
322,298	281,725	293,000	302,000	312,000	55,000
65,274	64,140	44,377	37,288	27,792	17,456
-	27,345	-	-	-	-
<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>6,491,789</u>
<u>402,723</u>	<u>(10,540)</u>	<u>(325,665)</u>	<u>694,751</u>	<u>(440,625)</u>	<u>419,597</u>
324,909	566,412	630,635	698,035	598,236	429,827
(324,909)	(566,412)	(630,635)	(698,035)	(598,236)	(429,827)
-	23,104	51,875	8,500	-	-
-	584,000	-	-	-	-
-	(656,655)	-	-	-	-
-	(49,551)	51,875	8,500	-	-
<u>\$ 402,723</u>	<u>\$ (60,091)</u>	<u>\$ (273,790)</u>	<u>\$ 703,251</u>	<u>\$ (440,625)</u>	<u>\$ 419,597</u>
7.42%	6.38%	5.97%	6.07%	5.88%	1.18%

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>
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
2015	1,244,417	2,230,759	247,452	440,085	31,836	4,194,549

CITY OF BALCONES HEIGHTS, TEXAS  
TOP 10 SALES TAX PROVIDERS  
BY BUSINESS CLASS

TABLE 6

Rank	Fiscal Year				
	2011	2012	2013	2014	2015
	Business Class				
1	Retail	Retail	Retail	Retail	Retail
2	Retail	Retail	Retail	Retail	Retail
3	Restaurant	Retail	Retail	Retail	Retail
4	Entertainment	Restaurant	Restaurant	Retail	Retail
5	Retail	Entertainment	Entertainment	Medical	Medical
6	Restaurant	Retail	Retail	Retail	Retail
7	Construction	Restaurant	Restaurant	Entertainment	Entertainment
8	Retail	Construction	Construction	Utility	Utility
9	Entertainment	Retail	Retail	Retail	Retail
10	Restaurant	Entertainment	Entertainment	Restaurant	Restaurant

Source: State Comptroller

*Note: Ten years of data will be accumulated. Data prior to 2011 is not currently available.*

*Texas Tax Code 321.3022(c) declares specific information on vendor and amounts to be confidential and is not subject to public inspection. The City of Balcones Heights understands the value of this information and determined that presentation of business class is the best way to convey this information.*

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

TABLE 7

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
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%	5,707	1,127,469	100.0%
2011	1,154,886	1,150,015	99.6%	4,684	1,154,699	100.0%
2012	1,176,278	1,167,814	99.3%	7,516	1,175,330	99.9%
2013	1,205,668	1,195,311	99.1%	8,725	1,204,036	99.9%
2014	1,196,649	1,188,605	99.3%	6,382	1,194,987	99.9%
2015	1,233,010	1,226,828	99.5%	-	1,226,828	99.5%

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

TABLE 8

City Direct Rates			
Fiscal Year	General M&O	Debt Service	Total Direct
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
2015	0.540174	0.032025	0.572199

Overlapping Rates						
Fiscal Year	San Antonio ISD	Bexar County	Bexar County Rd & Flood	Alamo College District	San Antonio River Authority	University Health System
2006	1.720000	0.331190	-	0.107100	0.016425	0.243869
2007	1.579700	0.326866	-	0.137100	0.016045	0.243869
2008	1.249700	0.295104	0.031762	0.134600	0.015951	0.237408
2009	1.249700	0.289399	0.037467	0.135900	0.015951	0.261022
2010	1.249700	0.296187	0.030679	0.135900	0.015951	0.266235
2011	1.279700	0.296187	0.030679	0.141600	0.016652	0.276235
2012	1.307600	0.296187	0.030679	0.141600	0.017370	0.276235
2013	1.357600	0.296187	0.030679	0.149200	0.017370	0.276235
2014	1.357600	0.296187	0.030679	0.149150	0.017798	0.276235
2015	1.382600	0.283821	0.030679	0.149150	0.017500	0.276235

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

TABLE 9

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
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
2015	61,677,157	161,575,655	-	7,766,650	215,486,162	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 10

Taxpayer	2015			2006		
	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	\$ 42,956,807	1	19.93%	\$ 43,475,210	1	26.02%
Crossroads Mall Partners, LTD	18,690,764	2	6.94%	13,229,356	3	3.74%
Target Corporation	14,948,150	3	8.67%	16,311,360	2	9.76%
IH-10 Heart Plaza, Ltd.	7,000,000	4	2.97%	6,150,000	5	3.68%
SFP Apartments, LLC	6,400,000	5	3.25%	-		0.00%
Savings Square Partners, LTD	5,960,584	6	2.38%	-		0.00%
Gentlemen Road Apartments, LLC	5,300,000	7	2.77%	-		0.00%
Brookhollow Middletown	5,243,458	8	2.46%	-		0.00%
Leon Springs Associates, LLC	5,120,896	9	2.43%	-		0.00%
Duke Charles W Trustee	4,254,810	10	1.97%	-		0.00%
Peak Holdings, LLC	-		0.00%	6,255,056	4	3.74%
Chivas West Apts., LLC	-		0.00%	5,021,540	6	3.00%
Hallmark Apartments, LLC	-		0.00%	4,481,960	7	2.92%
Burlington Factory Warehouse	-		0.00%	3,667,800	8	2.19%
Alegra Del Sol, LLC	-		0.00%	320,000	9	1.91%
Fredericksburg Printers, Ltd.	-		0.00%	260,000	10	1.56%
Total	<u>\$ 115,875,469</u>		<u>53.77%</u>	<u>\$ 99,172,282</u>		<u>58.52%</u>
Total Taxable Assessed Value	<u>\$ 215,486,162</u>					

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

TABLE 11

Fiscal Year	Gonvernmental 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				
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
2015	-	374,000	-	374,000	215,486,162	0.2%	129

Population data on Table 13.

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

TABLE 12

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value		<u>\$ 215,486,162</u>
*Debt limit (10% of assessed value)		21,548,616
Outstanding Debt	\$ 374,000	
Less: amount set aside for repayment of general obligation debt	<u>(61,837)</u>	
Total net debt applicable to limit		<u>(312,163)</u>
Economic Debt Margin		<u><u>\$ 21,236,453</u></u>

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 16,710,945	\$ 18,365,482	\$ 20,870,489	\$ 22,330,881	\$ 22,089,890
Total Net Debt Applicable to Limit	<u>(2,374,924)</u>	<u>(2,128,005)</u>	<u>(2,020,087)</u>	<u>(1,780,764)</u>	<u>(1,454,709)</u>
Legal Debt Margin	<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>	<u><u>\$ 20,635,181</u></u>

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 20,655,390	\$ 20,557,155	\$ 21,051,812	\$ 20,893,507	\$ 21,548,616
Total Net Debt Applicable to Limit	<u>(1,206,994)</u>	<u>(927,413)</u>	<u>(624,079)</u>	<u>(363,056)</u>	<u>(312,163)</u>
Legal Debt Margin	<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>	<u><u>\$ 21,236,453</u></u>

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

TABLE 13

Year	Total Personal Income	Population	Per Capita Personal Income	Median Age	Unemployment Rate
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	5.1%
2015	86,429,952	2898	29,824	32.50	5.1%

*Source: U.S. Census Bureau*

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

TABLE 14

Employer	2015			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland Air Force Base	37,097	1	3.64%	28,100	2	3.11%
Fort Sam Houston	32,000	2	3.14%	30,793	1	3.41%
HEB Food Stores	20,000	3	1.96%	14,852	3	1.65%
USAA	17,000	4	1.67%	14,588	4	1.62%
Northside ISD	12,751	5	1.25%	12,597	5	1.40%
Randolph Air Force Base	11,068	6	1.09%	10,700	6	1.19%
North East ISD	10,052	7	0.99%	10,223	7	1.13%
City of San Antonio	9,145	8	0.90%	9,000	8	1.00%
Methodist Healthcare System	8,118	9	0.80%	7,581	9	0.84%
Baptist Health System	7,000	10	0.69%	7,013	10	0.78%
Total	<u>164,231</u>		<u>16.13%</u>	<u>145,447</u>		<u>16.12%</u>

*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*

*Information for nine years ago is not available; information for 2009 is presented instead.*

CITY OF BALCONES HEIGHTS, TEXAS  
 OPERATING INDICATORS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TABLE 15

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Traffic Violations	4,678	6,964	7,843	7,967	11,794	8,866	3,639	6,162	3,560	3,730
Arrests	704	569	1,526	507	626	635	545	545	578	545
Fire										
Fire Calls	206	145	218	175	233	269	143	260	233	180
EMS Calls	750	843	835	808	661	839	783	943	860	838
Inspections	45	-	71	65	47	215	316	242	183	179
Water										
Service Connections	389	388	380	371	370	370	373	375	370	378
Average Daily Consumption	461,578	522,174	435,938	536,018	516,713	471,583	453,729	452,265	433,723	410,966
Sewer										
Service Connections	375	374	350	344	342	341	342	353	358	353

Source: Various city departments.

Water and Sewage treatment provided by San Antonio Water System.

CITY OF BALCONES HEIGHTS, TEXAS  
 CAPITAL ASSETS STATISTICS BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TABLE 16

Function	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Culture and Recreation										
Community Centers	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	2
Park Acreage	3	3	3	3	3	3	3	3	3	3
Public Works										
Miles of Streets	7.22	7.22	7.22	7.22	7.22	7.22	7.22	7.22	7.22	7.22
Water										
Miles of Water Mains	8	8	8	8	8	8	8	8	8	8
Number of Hydrants	80	80	80	80	80	80	80	80	80	80
Sewer										
Miles of Sanitary Sewers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Feet of Storm Sewers	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450	6,450

N/A - Not Available

CITY OF BALCONES HEIGHTS, TEXAS  
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

TABLE 17

Function	Fiscal Year End									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>General Government</i>										
City Administrator	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Secretary/Treasurer	1.5	1.5	1.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Personnel/Finance	1.0	1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Municipal Court	2.5	2.5	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0
<i>Public Safety</i>										
Police Department	19.5	22.5	22.0	22.5	28.0	28.0	28.0	28.0	25.0	23.0
Communications	5.0	5.0	3.0	5.0	6.0	6.0	6.0	6.0	9.0	9.0
Fire Department	19.0	19.0	14.0	22.0	22.0	24.0	24.0	24.0	22.0	22.0
<i>Public Works</i>										
Development Services	0.5	1.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Streets and Grounds	1.5	1.5	1.0	1.0	2.0	2.0	2.0	2.0	4.0	4.0
<i>Culture and Recreation</i>										
Tourism Department	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<i>Total</i>	53.5	57.0	48.5	59.5	67.0	71.0	71.0	71.0	71.0	69.0

## COMPLIANCE SECTION

SHAREHOLDERS:

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



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

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

*Independent Auditor's Report*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 10, 2016.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City of Balcones Heights, Texas' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Balcones Heights, Texas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Balcones Heights, Texas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Balcones Heights, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of City of Balcones Heights in a separate letter dated February 10, 2016.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armstrong, Vaughan & Associates, P.C.

February 10, 2016

