

CITY OF BALCONES HEIGHTS, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2008

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CITY OF BALCONES HEIGHTS, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2008

CITY OFFICIALS

MAYOR

SUZANNE DeLEON

CITY COUNCIL

MIGUEL VALVERDE

LINDA POHL

CHARLES MATTHIES

LAMAR GILLIAN

WILLIAM JOHNSON

CITY ADMINISTRATOR

SEAN PATE

ATTORNEY

DAVIDSON & TROILO

AUDITOR

ARMSTRONG, VAUGHAN & ASSOC., P.C.

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 FOR THE YEAR ENDED SEPTEMBER 30, 2008

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INDEPENDENT AUDITOR'S REPORT

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

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Balcones Heights, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 9 and 42 through 49, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Armstrong, Vaughan & Assoc., P.C.
January 30, 2009

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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, 2008. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

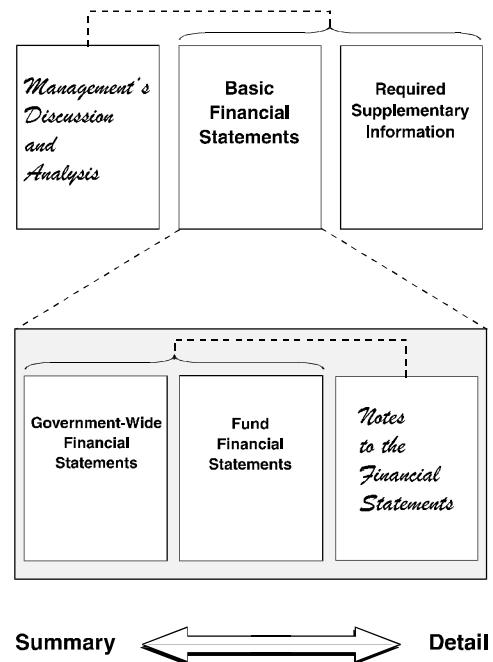
- The City's total combined net assets were \$6,450,758 at September 30, 2008.
- During the year, the City's expenses were \$356,111 less than the \$4,764,568 generated in taxes and other revenues for governmental activities.
- The City completed capital projects for sidewalk repairs, completion of Gentleman Road reconstruction and a majority of the parks improvement projects.
- The general fund reported a fund balance this year of \$1,031,743, a decrease of \$98,419 from last year.
- The City did not issue any bonds during fiscal year October 1, 2007 to September 30, 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the district that are not proprietary or fiduciary	Activities the city operates similar to private businesses: self insurance
<i>Required financial statements</i>	• Statement of net assets	• Balance Sheet	• Statement of net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in fund net assets • 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 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 assets includes all of the government’s assets and liabilities. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the City’s net assets are 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

Net assets

The City's combined net assets were \$6,450,758. (See Table A-1).

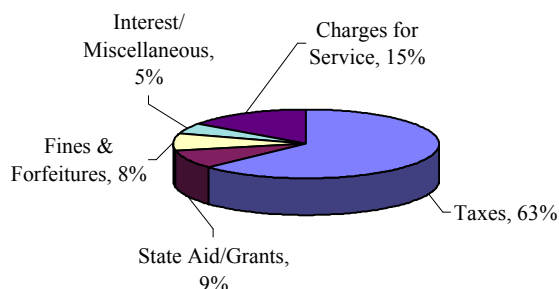
Table A-1
Balcones Heights Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change Based on Actual 2007-2008
	2007	2008	2007	2008	2007	2008	
Assets							
Cash and Cash Equivalents	\$ 1,858,586	\$ 2,512,643	\$ 294,487	\$ 161,108	\$ 2,153,073	\$ 2,673,751	24%
Investments	898,758	1,324,812	383,994	-	1,282,752	1,324,812	3%
Receivables: (net of allowances of uncollectible)							
Taxes	18,160	15,670	-	-	18,160	15,670	-14%
Accounts	-	309,574	36,762	31,693	36,762	341,267	828%
Due from Other Governments	342,657	15,437	-	-	342,657	15,437	-95%
Miscellaneous	320,799	-	-	-	320,799	-	-100%
Prepays	2,809	2,992	-	-	2,809	2,992	7%
Deferred Charges	35,093	30,079	-	-	35,093	30,079	-14%
<i>Capital Assets:</i>							
Land	471,978	471,978	-	-	471,978	471,978	0%
Buildings and Improvements	2,856,074	2,896,736	-	-	2,856,074	2,896,736	1%
Improvements Other than Buildings	1,857,522	1,857,522	119,124	119,124	1,976,646	1,976,646	0%
Transportation and Equipment	1,620,837	1,888,259	-	-	1,620,837	1,888,259	16%
Construction in Progress	-	33,355	-	-	-	33,355	N/A
Accumulated Depreciation	(2,080,829)	(2,294,950)	(29,041)	(31,424)	(2,109,870)	(2,326,374)	10%
Total Assets	<u>8,202,444</u>	<u>9,064,107</u>	<u>805,326</u>	<u>280,501</u>	<u>9,007,770</u>	<u>9,344,608</u>	4%
Liabilities and Net Assets							
<i>Current Liabilities:</i>							
Accounts Payable and Accrued Liabilities	471,670	441,074		27,153	471,670	468,227	-1%
Accrued Interest Payable	21,473	18,910	32,048	-	53,521	18,910	-65%
<i>Noncurrent Liabilities:</i>							
Due Within One Year	279,157	358,844		-	279,157	358,844	29%
Due in More Than One Year	2,194,845	2,047,869	-	-	2,194,845	2,047,869	-7%
<i>Total Liabilities</i>	<u>2,967,145</u>	<u>2,866,697</u>	<u>32,048</u>	<u>27,153</u>	<u>2,999,193</u>	<u>2,893,850</u>	-4%
<i>Net Assets:</i>							
Invested in Capital Assets	2,368,441	2,594,570	90,082	87,700	2,458,523	2,682,270	9%
Restricted for Debt Service	231,845	240,179	-	-	231,845	240,179	4%
Police and Security	89,535	88,091	-	-	89,535	88,091	-2%
Unrestricted	2,545,478	3,274,570	683,196	165,648	3,228,674	3,440,218	7%
<i>Total Net Assets</i>	<u>5,235,299</u>	<u>6,197,410</u>	<u>773,278</u>	<u>253,348</u>	<u>6,008,577</u>	<u>6,450,758</u>	7%
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,202,444</u>	<u>\$ 9,064,107</u>	<u>\$ 805,326</u>	<u>\$ 280,501</u>	<u>\$ 9,007,770</u>	<u>\$ 9,344,608</u>	4%

Approximately 3.7 percent of the City's net assets represent proceeds from property taxes that are restricted. These proceeds, when spent, are restricted for retirement of debt. The \$3,440,219 of unrestricted net asset represents resources available to fund the programs of the City next year.

Changes in Net Assets. The City's total revenues were \$5,191,293. A significant portion, (65%), of the City's revenue comes from taxes; (See Figure A-3.) 1% comes from state aid – formula grants and 4.5% from interest and miscellaneous revenue, while 29.5% percent relates to charges for services (including fines and forfeitures).

Figure A-3
Sources of Revenue for Fiscal Year 2008



The total cost of all programs and services was \$4,749,112; 53% of these costs are for Public Safety and 26% are for General Government. The remaining 21% is for all other programs.

Governmental Activities

- Property tax rates increased by 0.065952 cents per \$100 evaluation. The increase in the rate coupled with the increasing values and new development enabled an increase of \$59,682 in property tax revenues to a total of \$1,037,832.
- The City did not sell any capital bonds in fiscal 2008.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Program Revenues:							
Charges for Services	\$ 790,511	\$ 1,156,464	\$ 399,160	\$ 383,695	\$ 1,189,671	\$ 1,540,159	29.5%
Operating Grants and Contributions	85,255	1,895	-	-	85,255	1,895	-97.8%
Capital Grants and Contributions	408,425	49,686	-	-	408,425	49,686	-87.8%
General Revenues							
Property Taxes	978,180	1,040,744	-	-	978,180	1,040,744	6.4%
Utility Franchise	268,169	282,575	-	-	268,169	282,575	5.4%
Sales Tax	1,760,151	1,722,223	-	-	1,760,151	1,722,223	-2.2%
Hotel Occupancy Tax	257,697	278,492	-	-	257,697	278,492	8.1%
Mixed Beverage Tax	39,030	42,163	-	-	39,030	42,163	8.0%
Investment Earnings	142,647	100,440	33,075	27,505	175,722	127,945	-27.2%
Miscellaneous	72,549	89,886	-	-	72,549	89,886	23.9%
Gain on Sale of Capital Assets	50,000	-	-	-	50,000	-	-100.0%
Total Program Revenues:	4,852,614	4,764,568	432,235	411,200	5,284,849	5,175,768	-2.1%
General Government	871,185	1,230,688	-	-	871,185	1,230,688	41.3%
Public Safety	2,157,766	2,508,393	-	-	2,157,766	2,508,393	16.2%
Public Works	153,150	218,044	-	-	153,150	218,044	42.4%
Health and Welfare	12,000	12,000	-	-	12,000	12,000	0.0%
Culture and Recreation	267,544	291,314	-	-	267,544	291,314	8.9%
Capital Outlay	44,483	18,946	-	-	44,483	18,946	-57.4%
Interest on Long-Term Debt	136,114	129,072	-	-	136,114	129,072	-5.2%
Wastewater	-	-	356,735	340,655	356,735	340,655	-4.5%
Total Expenses	3,642,242	4,408,457	356,735	340,655	3,998,977	4,749,112	18.8%
Transfers	-	606,000.00	-	(606,000.00)	-	-	
Increase (Decrease) in Net Assets	\$ 1,210,372	\$ 962,111	\$ 75,500	\$ (535,455)	\$ 1,285,872	\$ 426,656	-66.8%

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 \$4,408,457.
- Sales Tax (paid by residents and visitors alike) was \$1,722,223, or 39% of all activity expenses.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$1,040,744 or 24%.
- Some of the cost, \$1,156,464 or 26% 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 \$51,581 or 1%.

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

	Total Cost of Services			Net Cost of Services		
	2007	2008	% Change	2007	2008	% Change
Police	\$ 1,488,073	\$ 1,609,867	8.2	\$ 833,642	\$ 913,506	9.5
Fire/Communications	921,900	957,873	3.9	909,759	954,735	4.9
Emergency Medical Services	180,000	218,500	21.3	180,000	218,500	21.3
Debt Service - Interest & Fiscal Charges	133,487	126,622	5.1	133,487	126,622	5.1

Business-Type Activities

Revenues of the City’s business-type activities decreased 4% to \$383,695 and expenses decreased 5% to \$340,655.

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

Revenues from governmental fund types totaled \$4,769,920 in fiscal 2008. This is a decrease of \$85,598 from 2007 revenues. The decrease in local revenues is a result lower permit revenue and interest earnings. Sales tax revenue, the City’s largest revenue source, decreased \$37,929. There were also decreases in direct federal revenues and federal program revenue distributed through other agencies and from other funding sources.

General Fund Budgetary Highlights

Over the course of the year, the City amended its general fund budget four 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 \$87,442 above final budget amounts. The most negative variance resulted from the purchase of police vehicles with capital lease financing. Generally, every other major division had a positive variance. As usual, some of the variance was from staffing. This also included the addition of two full time traffic officers. Staffing is budgeted for full employment throughout the full year.

On the other hand, general fund resources available exceeded that anticipated in the budget largely due to the new red light camera traffic enforcement program revenues, taxes and the sale of real property. Expenditures exceeded actual revenues by \$98,419. As noted earlier:

- Property tax collections were roughly what was expected.
- City Sales Tax was \$12,600 less than expected.
- Franchise taxes were more than expected
- Interest earnings were less than expected
- Court fines and court fees were less than expected

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the City had invested \$7,266,974 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount less accumulated depreciation totaling \$2,326,374 results in a total Net Capital Asset value of \$4,940,600.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2007-2008
	2007	2008	2007	2008	2007	2008	
Land	\$ 471,978	\$ 471,978	\$ -	\$ -	\$ 471,978	\$ 471,978	0.0%
Buildings and Improvements	2,856,074	2,896,736	-	-	2,767,548	2,896,736	4.7%
Transportation and Equipment	1,620,837	1,857,522	-	-	1,772,634	1,857,522	4.8%
Streets and Grounds	1,857,522	1,888,259	119,124	119,124	1,321,208	2,007,383	51.9%
Construction in Progress	-	33,355	-	-	12,963	33,355	157.3%
Totals at Historical Cost	<u>6,806,411</u>	<u>7,147,850</u>	<u>119,124</u>	<u>119,124</u>	<u>6,346,331</u>	<u>7,266,974</u>	14.5%
Total Accumulated Depreciation	<u>(2,080,829)</u>	<u>(2,294,950)</u>	<u>(29,041)</u>	<u>(31,424)</u>	<u>(2,071,769)</u>	<u>(2,326,374)</u>	12.3%
Net Capital Assets	<u>\$ 4,725,582</u>	<u>\$ 4,852,900</u>	<u>\$ 90,083</u>	<u>\$ 87,700</u>	<u>\$ 4,274,562</u>	<u>\$ 4,940,600</u>	15.6%

The City's capital budget provides appropriations totaling \$11,252 for fiscal 2009 capital projects. The Municipal Court office will be updated to include additional customer windows. An additional ticket writer will also be purchased. The City will use Community Development Block Grants (CDBG) for the roadway reconstruction (Bobbies Lane) and for completing other CDBG projects initiated in 2008. In addition to CDBG Grants, portions of these projects may be funded from current city revenues. More detailed information about the City's capital assets is presented in the notes to the financial statements.

Bond Ratings

The City's bonds were last rated in 1994 and carry a "Baa2" underlying rating with Moody's Investor Services.

LONG TERM DEBT

At year-end the City had \$1,395,000 in bonded debt and \$863,330 in capital leases outstanding as shown in Table A-5. More detailed information about the City's debt is presented in the notes to the financial statements.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2007	2008	2007	2008	2007	2008	2007-2008
Leases Payable	\$ 767,141	\$ 863,330	\$ -	\$ -	\$ 767,141	\$ 863,330	12.5%
Bonds Payable	1,590,000	1,395,000	-	-	1,590,000	1,395,000	-12.3%
Compensated Absences	116,861	148,383	-	-	116,861	148,383	27.0%
Total Bonds & Notes Payable	<u>\$ 2,474,002</u>	<u>\$ 2,406,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,474,002</u>	<u>\$ 2,406,713</u>	-2.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property tax market value for the 2009 budget preparation is increased to a total of \$225,171,295. This is an increase of \$6,370,256 or two point ninety one percent (2.91%). New construction market value is \$1,570,498.
- Actual General Fund revenues for fiscal 2009 are anticipated to increase to a total budgeted amount of \$3,638,682. Due to the economy the actually amount collected will be lower. This is an increase of \$191,675 or five point fifty six percent (5.56%) above the 2008 final revenues. The increase will be the result from a slight property tax increase and the additional sales tax from new development. Budgeted revenues in 2009 will increase \$ 295,447 above the 2008 budget. This budget increase is to correct the under budgeting from fiscal 2007 and includes anticipated increases ad valorem taxes, franchise taxes, and anticipated civil fines and municipal court fines and fees.
- City sales tax revenues are anticipated to generally remain the same as in 2008 (within a range of plus or minus 5% percent).
- The beginning General Fund balance available for appropriation in 2009 is \$1,031,743.
- General Fund expenditures for 2009 are budgeted at \$3,638,682. This is an increase of \$ 100,640 or (2.77%) above the 2008 final expenditures. This increase is primarily due to an increase in public safety personnel and traffic enforcement programs. Budgeted expenditures in 2009 will increase \$188,082 of the 2008 budget. This budgeted increase is due to increases in employee salary and benefits, increases in operating costs and general contingency reserves. No new programs or services are proposed for the General Fund in fiscal 2009.
- The City, with the assistance of a Community Development Block Grant through Bexar County, will complete the reconstruction of Bobbies Lane.

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 Administration Department.

CITY OF BALCONES HEIGHTS, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2008

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 ASSETS
SEPTEMBER 30, 2008

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and Cash Equivalents	\$ 2,512,643	\$ 161,108	\$ 2,673,751
Investments	1,324,812	-	1,324,812
Receivables (Net of Allowances for Uncollectibles)			
Taxes	15,670	-	15,670
Accounts	309,574	31,693	341,267
Due from Other Governments	15,437		15,437
Prepays	2,992	-	2,992
Deferred Charges	30,079	-	30,079
Capital Assets:			
Land	471,978	-	471,978
Buildings & Improvements	2,896,736	-	2,896,736
Infrastructure - Streets & Drainage	1,857,522	119,124	1,976,646
Transportation & Equipment	1,888,259	-	1,888,259
Construction in Progress	33,355		33,355
Accumulated Depreciation	(2,294,950)	(31,424)	(2,326,374)
TOTAL ASSETS	\$ 9,064,107	\$ 280,501	\$ 9,344,608

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2008

LIABILITIES AND NET ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Liabilities:			
Accounts Payable and Other Current Liabilities	\$ 441,074	\$ 27,153	\$ 468,227
Accrued Interest Payable	18,910	-	18,910
Noncurrent Liabilities:			
Due within One Year	358,844	-	358,844
Due in more than One Year	2,047,869	-	2,047,869
TOTAL LIABILITIES	2,866,697	27,153	2,893,850
Net Assets:			
Invested in Capital Assets, net of related debt	2,594,570	87,700	2,682,270
Restricted for:			
Debt Service	240,179	-	240,179
Police and Security	88,091	-	88,091
Unrestricted	3,274,570	165,648	3,440,218
TOTAL NET ASSETS	6,197,410	253,348	6,450,758
 TOTAL LIABILITIES & NET ASSETS	 \$ 9,064,107	 \$ 280,501	 \$ 9,344,608

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government	\$ 1,230,688	\$ 157,775	\$ -	\$ -
Public Safety	2,508,393	986,414	1,895	-
Public Works	218,044	3,920	-	49,686
Health & Welfare	12,000	-	-	-
Culture & Recreation	291,314	8,355	-	-
Capital Outlay	18,946	-	-	-
Interest on Long-Term Debt	129,072	-	-	-
Total Governmental Activities	<u>4,408,457</u>	<u>1,156,464</u>	<u>1,895</u>	<u>49,686</u>
Business-Type Activities				
Wastewater	340,655	383,695	-	-
Total Business-Type Activities	<u>340,655</u>	<u>383,695</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 4,749,112</u>	<u>\$ 1,540,159</u>	<u>\$ 1,895</u>	<u>\$ 49,686</u>
General Revenues:				
Taxes				
General Property Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
Mixed Beverage Tax				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Net Revenue (Expense)

Governmental Activities	Business-Type Activities	Total
\$ (1,072,913)	\$ -	\$ (1,072,913)
(1,520,084)	-	(1,520,084)
(164,438)	-	(164,438)
(12,000)	-	(12,000)
(282,959)	-	(282,959)
(18,946)	-	(18,946)
(129,072)	-	(129,072)
<u>(3,200,412)</u>	<u>-</u>	<u>(3,200,412)</u>
-	43,040	43,040
<u>-</u>	<u>43,040</u>	<u>43,040</u>
(3,200,412)	43,040	(3,157,372)
\$ 1,040,744	\$ -	\$ 1,040,744
282,575	-	282,575
1,722,223	-	1,722,223
278,492	-	278,492
42,163	-	42,163
100,440	15,525	115,965
89,886	27,505	117,391
<u>3,556,523</u>	<u>43,030</u>	<u>3,599,553</u>
606,000	(606,000)	-
<u>962,111</u>	<u>(519,930)</u>	<u>442,181</u>
5,235,299	773,278	6,008,577
<u>\$ 6,197,410</u>	<u>\$ 253,348</u>	<u>\$ 6,450,758</u>

CITY OF BALCONES HEIGHTS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

ASSETS	General Fund	Crime Control & Prevention District	Hotel/Motel Tax Fund	Debt Service Fund
Cash	\$ 1,052,993	\$ 287,312	\$ 59,056	\$ 98,828
Investments	141,764	-	628,832	139,416
Receivables (net of allowances for uncollectibles):				
Taxes	13,735	-	-	1,935
Due from Other Governments	185,104	97,871	-	-
Miscellaneous	15,154	-	-	-
Due from Other Funds	26,599	-	-	-
Prepaid Items	2,992	-	-	-
TOTAL ASSETS	\$ 1,438,341	\$ 385,183	\$ 687,888	\$ 240,179
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 44,952	\$ 4,044	\$ 25,256	\$ -
Accrued Expenditures	24,371	2,072	1,270	-
Sales Tax Refund Payable	107,539	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	216,001	-	-	-
Deferred/Unearned Revenues	13,735	-	-	1,936
TOTAL LIABILITIES	406,598	6,116	26,526	1,936
<i>Fund Balances:</i>				
Reserved for:				
Prepays	2,992	-	-	-
Debt Service	-	-	-	238,243
Police & Security	88,091	-	-	-
Unreserved, reported in:				
General Fund	940,660	-	-	-
Special Revenue Funds	-	379,067	661,362	-
Capital Projects Funds	-	-	-	-
<i>Total Fund Balances</i>	1,031,743	379,067	661,362	238,243
TOTAL LIABILITIES & FUND BALANCES	\$ 1,438,341	\$ 385,183	\$ 687,888	\$ 240,179

See accompanying notes to basic financial statements.

Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2008	2007
\$ 689,184	\$ 325,270	\$ 2,512,643	\$ 1,858,586
396,022	18,778	1,324,812	898,758
-	-	15,670	18,162
-	26,599	309,574	342,657
-	283	15,437	320,797
-	-	26,599	342,670
-	-	2,992	2,809
<u>\$ 1,085,206</u>	<u>\$ 370,930</u>	<u>\$ 4,207,727</u>	<u>\$ 3,784,439</u>
\$ -	\$ 14,569	\$ 88,821	\$ 173,882
-	1,000	28,713	99,924
-	-	107,539	122,361
-	26,599	26,599	342,670
-	-	216,001	75,503
-	-	15,671	18,162
-	42,168	483,344	832,502
-	-	2,992	2,809
-	-	238,243	229,136
-	-	88,091	89,535
-	-	940,660	1,039,214
-	328,762	1,369,191	1,251,592
1,085,206	-	1,085,206	339,651
<u>1,085,206</u>	<u>328,762</u>	<u>3,724,383</u>	<u>2,951,937</u>
<u>\$ 1,085,206</u>	<u>\$ 370,930</u>	<u>\$ 4,207,727</u>	<u>\$ 3,784,439</u>

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CITY OF BALCONES HEIGHTS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 3,724,383
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,852,900
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	15,671
Unamortized bond issue costs are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	30,079
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	(2,406,713)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(18,910)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,197,410</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, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

REVENUES	General Fund	Crime Control & Prevention District	Hotel/Motel Tax Fund	Debt Service Fund
Taxes	\$ 2,332,823	\$ 619,823	\$ 278,492	\$ 62,549
Licenses and Permits	135,113	-	-	-
Intergovernmental	1,895	-	-	-
Charges for Services	257,443	-	-	-
Fines and Forfeits	600,764	-	-	-
Interest	32,213	8,863	22,064	8,959
Miscellaneous	86,756	5,691	300	-
TOTAL REVENUES	3,447,007	634,377	300,856	71,508
EXPENDITURES				
Current:				
General Government	1,156,674	62,320	-	-
Public Safety	1,981,952	239,586	-	-
Public Works	125,659	-	-	-
Health & Welfare	12,000	-	-	-
Culture & Recreation	4,405	-	276,320	-
Capital Projects/Outlay	257,352	21,311	-	-
Debt Service:				
Principal	-	-	-	258,763
Interest and Fiscal Charges	-	-	-	126,622
TOTAL EXPENDITURES	3,538,042	323,217	276,320	385,385
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,035)	311,160	24,536	(313,877)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	322,984
Operating Transfers (Out)	(167,336)	(322,984)	-	-
Proceeds of Capital Lease Financing	159,952	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,384)	(322,984)	-	322,984
Net Change in Fund Balances	(98,419)	(11,824)	24,536	9,107
Fund Balances at Beginning of Year	1,130,162	390,891	636,826	229,136
Fund Balances at End of Year	\$ 1,031,743	\$ 379,067	\$ 661,362	\$ 238,243

See accompanying notes to basic financial statements.

Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds	
		2008	2007
\$ -	\$ 75,000	\$ 3,368,687	\$ 3,306,131
-	-	135,113	32,782
-	49,686	51,581	493,681
-	-	257,443	330,643
-	163,143	763,907	427,084
19,628	8,715	100,442	142,647
-	-	92,747	122,550
<u>19,628</u>	<u>296,544</u>	<u>4,769,920</u>	<u>4,855,518</u>
307	-	1,219,301	869,880
-	92,027	2,313,565	2,025,851
-	23,953	149,612	111,134
-	14,548	26,548	12,000
-	-	280,725	263,113
24,331	85,295	388,289	768,565
-	-	258,763	254,212
-	-	126,622	133,486
<u>24,638</u>	<u>215,823</u>	<u>4,763,425</u>	<u>4,438,241</u>
<u>(5,010)</u>	<u>80,721</u>	<u>6,495</u>	<u>417,277</u>
750,665	24,032	1,097,681	653,408
-	(1,361)	(491,681)	(653,408)
-	-	159,952	-
<u>750,665</u>	<u>22,671</u>	<u>765,952</u>	<u>-</u>
745,655	103,392	772,447	417,277
339,551	225,370	2,951,936	2,534,659
<u>\$ 1,085,206</u>	<u>\$ 328,762</u>	<u>\$ 3,724,383</u>	<u>\$ 2,951,936</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, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 772,447

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. This is the amount by
which capital outlays exceeded depreciation. 134,294

Proceeds from the sale of capital assets are included in the government funds.
However, the cost of the assets sold are removed from capital assets and offset
against the sales proceeds in the government-wide statements. (6,976)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. (2,492)

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 assets. Also, governmental funds report
the net effect of issuance costs, premiums, discounts, and similar items when debt is
is first issued, where as these amounts are deferred and 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.

Proceeds from Capital Lease Financing	(159,952)	
Repayment of Principal	258,763	
Amortization of Bond Issue Costs	<u>(5,014)</u>	93,797

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. (28,959)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 962,111

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF NET ASSETS – PROPRIETARY FUNDS
 SEPTEMBER 30, 2008 AND 2007

	Business-Type Activities	
	Sewer Operations & Maintenance	
	2008	2007
ASSETS		
<i>Current Assets:</i>		
Cash	\$ 161,108	\$ 294,487
Investments	-	383,994
Receivables (net of allowances for uncollectibles):		
Accounts	31,693	36,762
<i>Total Current Assets</i>	<u>192,801</u>	<u>715,243</u>
<i>Capital Assets:</i>		
Improvements Other than Buildings	119,124	119,124
Accumulated Depreciation	<u>(31,424)</u>	<u>(29,041)</u>
Capital Assets, net of accumulated depreciation	<u>87,700</u>	<u>90,083</u>
TOTAL ASSETS	<u>\$ 280,501</u>	<u>\$ 805,326</u>
LIABILITIES AND NET ASSETS		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 27,153	\$ 32,048
<i>Total Current Liabilities</i>	<u>27,153</u>	<u>32,048</u>
TOTAL LIABILITIES	<u>27,153</u>	<u>32,048</u>
<i>Net Assets:</i>		
Invested in Capital Assets, net of related debt	87,700	90,083
Unrestricted	<u>165,648</u>	<u>683,195</u>
TOTAL NET ASSETS	<u>253,348</u>	<u>773,278</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 280,501</u>	<u>\$ 805,326</u>

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	Business-Type Activities	
	Sewer Operations & Maintenance	
	2008	2007
OPERATING REVENUES		
Wastewater User Fees	\$ 383,695	\$ 399,160
TOTAL OPERATING REVENUES	383,695	399,160
OPERATING EXPENSES		
Operation and Maintenance:		
Contractual Services	338,273	354,353
Depreciation	2,382	2,382
TOTAL OPERATING EXPENSES	340,655	356,735
OPERATING INCOME (LOSS)	43,040	42,425
NONOPERATING REVENUES (EXPENSES)		
Sewer Connect Fee - TxDot	27,505	-
Interest Income	15,525	33,075
TOTAL NONOPERATING REVENUES (EXPENSES)	43,030	33,075
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	86,070	75,500
TRANSFERS IN (OUT)	(606,000)	-
CHANGE IN NET ASSETS	(519,930)	75,500
NET ASSETS AT BEGINNING OF YEAR	773,278	697,778
NET ASSETS AT END OF YEAR	\$ 253,348	\$ 773,278

See accompanying notes to basic financial statements.

CITY OF BALCONES HEIGHTS, TEXAS
 COMPARATIVE STATEMENTS OF CASH FLOWS – PROPRIETARY FUNDS
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	Busines-Type Activities	
	Sewer Operations & Maintenance	
	2008	2007
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 388,764	\$ 399,950
Cash Paid to Suppliers	(343,167)	(355,073)
Net Cash Provided (Used) by Operating Activities	45,597	44,877
CASH FLOWS FROM		
NONCAPITAL FINANCING ACTIVITIES:		
Transfers to General Fund	(606,000)	-
Nonoperating Connection Fees	27,505	-
Net Cash Provided (Used) by Noncapital Financing Activities	(578,495)	-
CASH FLOWS FROM		
INVESTING ACTIVITIES:		
Interest Received	15,525	33,075
Net Cash Provided (Used) by Investing Activities	15,525	33,075
Net Increase (Decrease) in Cash	(517,373)	77,952
Cash and Cash Equivalents at October 1	678,481	600,529
Cash and Cash Equivalents at September 30	\$ 161,108	\$ 678,481
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ 43,040	\$ 42,425
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,383	2,382
(Increase) Decrease in Accounts Receivable	5,069	790
Increase (Decrease) in Accounts Payable	(4,895)	(720)
Net Cash Provided (Used) by Operating Activities	\$ 45,597	\$ 44,877

See accompanying notes to basic financial statements.

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CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

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. Proprietary type funds apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. 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. 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, 2008, 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 assets 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.

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,

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

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

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

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, Hotel/Motel Tax Fund, Crime Control and Prevention District, Debt Service Fund, 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, 2008

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.

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

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

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

Nonmajor funds include 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 CASH EQUIVALENTS

Cash and cash equivalents 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.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2008

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

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2007 and past due after January 31, 2008. 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.

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, 2008 are also reflected as Due from Other Governments.

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

7. 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 \$1,500 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.

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

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

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

8. 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.

9. DEFERRED/UNEARNED REVENUE

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue.

10. 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 assets. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

11. FUND EQUITY

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties of use for a specific purpose. Fund reservations include debt service, prepaids and police technology and security.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

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

12. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are 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.

13. INTERFUND TRANSACTIONS

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

14. 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.

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, 2008, the carrying amount of the City's deposits with the city depository, were \$44,976, and the bank balance was \$93,028. The bank balance was fully collateralized by FDIC.

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, 2008

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.

Investments represented by specific identifiable investment securities are classified as to credit risk by the three (3) categories described below:

Category 1- Insured, or registered, or held by the City.

Category 2- Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the City’s name.

Category 3- Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent in the City’s name.

As of September 30, 2008, there were no investments held that would be subject to categories as described above. Total deposits and investments held by the City as of September 30, 2008 were:

Petty Cash	\$ 775
Cash in Bank Depository	44,976
Total Insured/Collateralized	45,751
Institutional Repo Sweep - Frost Bank	2,628,000
TexPool - a local government investment pool	921,520
Lone Star Pool - a local government investment pool	403,292
	\$ 3,998,563

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.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

a. Credit Risk (Continued)

At September 30, 2008, 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.

The City also has an investment sweep account with Frost Bank. The investment sweep account is a Repurchase Agreement (REPO), which automatically invests the City's commercial deposits exceeding \$90,000 at the end of every business day. Frost Bank then purchases securities on behalf of the City. At the beginning of the following business day the securities are sold and the full amount of the purchase, plus interest is credited back to the City's commercial checking account.

The security products are not FDIC insured or guaranteed by Frost Bank and may involve risk to principal amounts invested.

b. 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.

c. 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.

NOTE C -- PROPERTY TAX

Taxes were levied on and payable as of January 1. The City has contracted with the Bexar County Tax Assessor-Collector to collect taxes on its behalf. Current year taxes become delinquent February 1. Current year delinquent taxes not paid by July 1 are turned over to attorneys for collection action.

For fiscal year 2008, the assessed tax rate for the City was \$.498356 per \$100 on an assessed valuation of \$208,704,886. This is broken out as \$.465070 per \$100 for general operations and \$.033286 per \$100 for debt retirement. Total tax levy for fiscal year 2008 is \$1,040,807. As of September 30, 2008, the delinquent current taxes for 2008 levy were \$4,688.

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE D -- DUE TO/FROM OTHER FUNDS

As of September 30, 2008, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>General Fund:</u>	<u>Due From</u>	<u>Due To</u>
CDBG Grant Fund	\$ 26,599	\$ -
CDBG Grant Fund		
<u>General Fund</u>	-	26,599
	<u>\$ 26,599</u>	<u>\$ 26,599</u>

NOTE E -- TRANSFERS BETWEEN FUNDS

Transfers between funds during the year ended September 30, 2008 were as follows:

<u>General Fund:</u>	<u>Transfer In</u>	<u>Transfer Out</u>
NonMajor (Special Revenue) Funds	\$ -	\$ 24,032
Capital Projects Fund	-	144,665
Crime Control & Prevention Fund		
<u>Debt Service</u>	-	322,984
Debt Service		
<u>Crime Control & Prevention Fund</u>	322,984	-
Capital Projects Fund		
<u>Proprietary (Sewer O&M) Fund</u>	606,000	-
General Fund	144,665	-
NonMajor Fund		
<u>General Fund</u>	24,032	-
Proprietary Fund		
<u>Capital Projects Fund</u>	-	606,000
	<u>\$ 1,097,681</u>	<u>\$ 1,097,681</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2008, was as follows:

<u>Governmental Activities</u>	Balance 10/1/2007	Additions	Disposals	Balance 9/30/2008
Land	\$ 471,978	\$ -	\$ -	\$ 471,978
Construction in Progress	-	33,355	-	33,355
Buildings and Improvements	2,856,074	40,662	-	2,896,736
Streets & Drainage	1,857,522	-	-	1,857,522
Transportation & Equipment	1,620,837	295,326	(27,904)	1,888,259
	<u>6,806,411</u>	<u>369,343</u>	<u>(27,904)</u>	<u>7,147,850</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(809,643)	(57,333)	-	(866,976)
Streets and Grounds	(564,851)	(24,304)	-	(589,155)
Transportation and Equipment	(706,335)	(153,412)	20,928	(838,819)
	<u>(2,080,829)</u>	<u>(235,049)</u>	<u>20,928</u>	<u>(2,294,950)</u>
Governmental Capital Assets, Net	<u>\$ 4,725,582</u>	<u>\$ 134,294</u>	<u>\$ (6,976)</u>	<u>\$ 4,852,900</u>
<u>Business-Type Activities</u>	Balance 10/1/2007	Additions	Disposals	Balance 9/30/2008
Improvements Other Than Buildings	\$ 119,124	\$ -	\$ -	\$ 119,124
	<u>119,124</u>	<u>-</u>	<u>-</u>	<u>119,124</u>
Less Accumulated Depreciation:				
Improvement Other Than Buildings	(29,042)	(2,382)	-	(31,424)
	<u>(29,042)</u>	<u>(2,382)</u>	<u>-</u>	<u>(31,424)</u>
Business-Type Capital Assets, Net	<u>\$ 90,082</u>	<u>\$ (2,382)</u>	<u>\$ -</u>	<u>\$ 87,700</u>

Land is not being depreciated. The City followed a policy of capitalizing assets with an original cost of \$1,500 or higher and an estimated life in excess of one year.

Depreciation Expense was charged to the governmental functions as follows:

General Government	\$ 4,947
Public Safety	155,494
Public Works	65,475
Culture & Recreation	9,133
Total Depreciation Expense - Governmental Activities	<u>\$ 235,049</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE G -- SALES TAX REFUND PAYABLE

The City has entered into a Sales Tax Refund Agreement with Target Corporation pursuant to the Neighborhood Empowerment Zone provisions of Chapter 378 of the Texas Local Government Code. The agreement calls for a refund of sales tax proceeds from retail sales at the Target Store over a ten-year period. Target agreed to demolish existing structures in the Empowerment Zone, and to construct a retail store with a minimum of 100,000 square feet. The City has agreed to refund 1% of the sales subject to sales tax. The City retains the first \$200,000 of the rebate, and refunds the excess up to the Projected Rebate (contained in the Agreement). Amounts in excess of the Projected Rebate will then be distributed 60% to the City and 40% to Target. The liability "Sales Tax Refund Payable" represents the amount collected by the City on behalf of Target through September 30, 2008.

NOTE H -- LONG-TERM DEBT

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

	Original Amount	Interest Rates	Balance Outstanding 10/1/2007	Additions	Retirements	Balance Outstanding 9/30/2008	Due Within One Year
Governmental Activities							
<i>General Obligation Bonds:</i>							
1999 Combination							
Certificates of Obligation	\$ 2,845,000	4.1-5.4%	\$ 1,590,000	\$ -	\$(195,000)	\$ 1,395,000	\$205,000
<i>Capital Leases</i>			767,141	159,952	(63,763)	863,330	79,652
<i>Liability for Employee Compensated Absences</i>			116,861	93,198	(61,676)	148,383	74,192
Total Long-Term Debt			<u>\$ 2,474,002</u>	<u>\$ 253,150</u>	<u>\$(320,439)</u>	<u>\$ 2,406,713</u>	<u>\$358,844</u>

The general long-term debt bonds mature serially through 2014 as follows:

Year Ending September 30	Principal	Interest	Total
2009	\$ 205,000	\$ 74,807	\$ 279,807
2010	215,000	64,045	279,045
2011	225,000	52,650	277,650
2012	235,000	40,500	275,500
2013	250,000	27,810	277,810
2014	265,000	14,310	279,310
	<u>\$ 1,395,000</u>	<u>\$ 274,122</u>	<u>\$ 1,669,122</u>
Average Annual Debt Service Requirement - Bonded Debt			<u>\$ 278,187</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE H -- LONG-TERM DEBT (Continued)

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.

The City entered into a capital lease for the purchase of six police vehicles. The lease qualifies as a capital lease for accounting purposes as defined under the Financial Accounting Standards Board Statement No. 13, *Accounting for Leases*, and therefore has been recorded at the present value of future minimum lease payments at the date of inception. Lease payments are being made from the Crime Control and Prevention District.

The City entered into a capital lease-financing arrangement with Frost Bank on September 15, 2006 for the purchase of a fire truck. The lease calls for annual payments of \$62,242, beginning September 2007 and continuing until fully paid in September 2026. In accordance with generally accepted accounting principles, the lease obligation has been recorded at the present value of its future minimum lease payments.

Future minimum lease payments are as follows:

<u>September 30</u>	<u>Fire Truck</u>	<u>Governmental Activities Police Cars</u>	<u>Total</u>
2009	\$ 62,242	\$ 57,215	\$ 119,457
2010	62,242	57,215	119,457
2011	62,242	14,304	76,546
2012	62,242		62,242
2013 - 2017	311,210		311,210
2018 - 2022	311,210		311,210
2023 - 2026	<u>248,968</u>		<u>248,968</u>
Total Lease Payments	1,120,356	<u>128,734</u>	<u>1,249,090</u>
Less Amount Representing Interest	<u>(378,941)</u>	<u>(6,819)</u>	<u>(385,760)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 741,415</u>	<u>\$ 121,915</u>	<u>\$ 863,330</u>

The following is an analysis of the property under capital lease as of September 30, 2008:

Transportation & Equipment	\$ 791,698	\$ 159,985	\$ 951,683
Less: Accumulated Depreciation	<u>(164,937)</u>	<u>(19,994)</u>	<u>(184,931)</u>
Net Leased Property	<u>\$ 626,761</u>	<u>\$ 139,991</u>	<u>\$ 766,752</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), one of over 827 administered by TMRS, an agent multiple-employer public employee retirement system. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for TMRS. That report may be obtained by writing to Texas Municipal Retirement System, P. O. Box 149153, Austin, Texas 78714-9153.

Texas Municipal Retirement System (Continued)

Plan Description (Continued)

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

Members can retire at ages 60 and above with 5 or more years of service, or with 25 years of service regardless of age. An employee is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7%, while the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2008

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Contributions (Continued)

the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2007 valuation is effective for rates beginning January 2009.) A summary of actuarial assumptions is as follows:

	Pension	SDBF
Actuarial Valuation Date	December 31, 2007	December 31, 2007
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	30 years - Closed Period	25 years - Open Period
Asset Valuation Method	Amortized Cost	Fund value
Investment Rate of Return	7.00%	4.25%
Projected Salary Increases	Varies by Age and Service	None
Inflation Rate	3.00%	3.00%
Cost-of-Living Adjustments	2.1% (3% CPI)	None
City-specific assumptions		
Payroll growth assumption	3.00%	N/A
Withdrawal rates for Male/Female	Mid-High/Mid	N/A

Fiscal Year	Pension			SDBF		
	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation	Annual OPEB Contribution	Percentage of APC Contribution	Net OPEB Obligation
2005	\$ 128,839	100%	-	\$ 4,223	100%	-
2006	\$ 185,668	100%	-	\$ 4,472	100%	-
2007	\$ 187,684	100%	-	\$ 4,583	100%	-

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25 year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time.

To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx 12.5% each year) to their full rate (or their required contribution rate).

If changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city's unfunded actuarial accrued liability would have been \$1,259,017 and the funded ratio would have been 76.3%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

Other Post-Employment Benefits

The City also contributes to the Supplemental Death Benefits Fund (SDBF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by TMRS. SDBF provides life insurance to active and retired employees of participating municipalities. SDBF is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available financial report that includes financial statements and required supplementary information for SDBF. That report may be obtained by writing to Texas Municipal Retirement System, P.O. Box 149153, Austin, Texas 78714-9153. Participating municipalities

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2008

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Other Post-Employment Benefits (Continued)

are contractually required to contribute at a rate assessed each year by TMRS based upon annual covered payroll. The TMRS Board of Trustees sets the employer contribution rate based on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Additional supplementary three-year trend information may be found on page 49.

NOTE J -- SUMMARY DISCLOSURES OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

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, 2008 are not likely to have a material adverse effect on the City's financial position.

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, 2008, were \$106,945.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2008

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

Commitments – Leases:

The City entered into a lease for administrative space for the Visitor Center in Crossroads Mall. The lease is for a term of 60 months beginning August 15, 2006, and is cancelable upon written notice to the lessor with sixty (60) days notice. Future minimum rentals under the lease are as follows:

<u>Years Ending September 30</u>	
2009	\$ 17,957
2010	17,957
2011	<u>15,712</u>
Total	<u>\$ 51,626</u>

NOTE K -- CONDUIT DEBT

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, 2008 were \$4,540,820 and \$2,189,929, respectively. The City of Balcones Heights has no obligation for repayment of the loans.

NOTE L -- CONVENTION CENTER DEVELOPMENT AGREEMENT

In December 2004, the City entered into a development agreement with Norris Conference Centers, Inc. for the purpose of developing a Conference Center/Ballroom at Crossroads to be called Norris Conference Center at Balcones Heights. The City agrees to fund, through the collection of Hotel/Motel Occupancy Tax (HOT) revenue, up to \$750,000 for construction and professional services. Norris shall be responsible for the operating and maintenance of the facility. The City will have partial management and control of the facility through quarterly approval of all events to be held at the center.

Furthermore, Norris agrees to provide the City with a minimum guaranteed payment or percentage of gross sales generated by the conference center, which ever is greater. The first payment under this agreement was made January 31, 2006.

The conference center was completed during the year ended September 30, 2006.

CITY OF BALCONES HEIGHTS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2008

NOTE L -- CONVENTION CENTER DEVELOPMENT AGREEMENT (Continued)

In the event Norris terminates the agreement it 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, 2008 amounted to \$61,296.

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

<u>Year Ending September 30</u>	<u>Profit Sharing Percentage</u>	<u>Minimum Guaranteed</u>	<u>Minimum Payment Upon Norris Termination</u>
2009	2.50%	\$ 35,000	\$ 525,000
2010	2.75%	45,000	450,000
2011	2.75%	45,000	375,000
2012	2.75%	45,000	300,000
2013	3.00%	55,000	225,000
2014	3.00%	55,000	150,000
2015	3.00%	55,000	75,000
2016	2.00%	50,000	-
2017	2.00%	50,000	-
2018	2.00%	50,000	-
2019	2.00%	50,000	-
2020	2.00%	<u>50,000</u>	<u>-</u>
Minimum Guaranteed Future Revenue		<u>\$ 585,000</u>	

The percentages and guaranteed for years 2016 through 2020 are only guaranteed if Norris exercises its five-year option with SA Crossroads Retail, L.P. owner of Crossroads Mall. Should Norris elect not to exercise its five year option on the leased premises, the City will receive payment in the amount of \$75,000.

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 and Prevention District
- Budgetary Comparison Schedule – Hotel/Motel Tax Special Revenue Fund
- Schedule of Funding Progress – Defined Benefit

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

REVENUES	Budget Amounts		Actual 2008	Variance With Final Budget- Positive (Negative)	Actual 2007
	Original	Final			
<i>Taxes:</i>					
Ad Valorem Tax	\$ 895,450	\$ 895,450	\$ 894,862	\$ (588)	\$ 860,653
Penalty & Interest	4,500	4,500	10,823	6,323	5,402
City Sales Tax	1,115,000	1,115,000	1,102,400	(12,600)	1,119,184
Franchise Taxes	271,000	271,000	282,575	11,575	268,169
Mixed Beverage	40,000	40,000	42,163	2,163	39,029
<i>Total Taxes</i>	<u>2,325,950</u>	<u>2,325,950</u>	<u>2,332,823</u>	<u>6,873</u>	<u>2,292,437</u>
<i>Licenses and Permits</i>	<u>28,250</u>	<u>28,250</u>	<u>135,113</u>	<u>106,863</u>	<u>32,782</u>
<i>Intergovernmental Revenues</i>	<u>1,750</u>	<u>1,750</u>	<u>1,895</u>	<u>145</u>	<u>1,759</u>
<i>Charges for Services:</i>					
Court Fees & Charges	301,000	301,000	216,638	(84,362)	283,033
Other	41,150	41,150	40,805	(345)	47,610
<i>Total Charges for Services</i>	<u>342,150</u>	<u>342,150</u>	<u>257,443</u>	<u>(84,707)</u>	<u>330,643</u>
<i>Fines and Forfeitures</i>	<u>285,000</u>	<u>553,635</u>	<u>600,764</u>	<u>47,129</u>	<u>406,742</u>
<i>Other Sources:</i>					
Interest	38,000	38,000	32,213	(5,787)	48,386
Miscellaneous	53,500	53,500	86,756	33,256	120,219
<i>Total Other Sources</i>	<u>91,500</u>	<u>91,500</u>	<u>118,969</u>	<u>27,469</u>	<u>168,605</u>
Total Revenues	<u>\$ 3,074,600</u>	<u>\$ 3,343,235</u>	<u>\$ 3,447,007</u>	<u>\$ 103,772</u>	<u>\$ 3,232,968</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, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

EXPENDITURES	Budget Amounts		Actual 2008	Variance With	Actual 2007
	Original	Final		Final Budget- Positive (Negative)	
<i>General Government:</i>					
Mayor/City Council	\$ 47,840	\$ 62,973	\$ 60,303	\$ 2,670	\$ 48,983
Secretary/Treasurer	304,614	306,784	305,068	1,716	258,113
Municipal Court	184,621	504,501	473,984	30,517	203,032
Public Facilities	64,250	37,543	38,477	(934)	62,317
Non-Departmental	440,873	279,911	278,842	1,069	248,193
Capital Outlay	-	24,002	37,737	(13,735)	-
<i>Total General Government</i>	<u>1,042,198</u>	<u>1,215,714</u>	<u>1,194,411</u>	<u>21,303</u>	<u>820,638</u>
<i>Public Safety:</i>					
Police Department	944,774	1,047,673	1,024,079	23,594	899,361
Communications	157,427	190,666	189,472	1,194	166,300
Fire Department	772,678	789,036	768,401	20,635	755,600
Capital Outlay	18,000	40,639	200,587	(159,948)	1,992
<i>Total Public Safety</i>	<u>1,892,879</u>	<u>2,068,014</u>	<u>2,182,539</u>	<u>(114,525)</u>	<u>1,823,253</u>
<i>Public Works:</i>					
Building Department	47,510	68,711	66,465	2,246	26,057
Planning & Zoning	500	663	382	281	180
Streets & Grounds	65,361	58,505	56,517	1,988	61,935
Animal Control	1,200	2,700	2,241	459	385
Weed and Pest Control	-	250	54	196	34
Capital Outlay	-	17,693	17,629	64	-
<i>Total Public Works</i>	<u>114,571</u>	<u>148,522</u>	<u>143,288</u>	<u>5,234</u>	<u>88,591</u>
<i>Health and Welfare:</i>					
Health Department	12,000	12,000	12,000	-	12,000
<i>Total Health and Welfare</i>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
<i>Culture and Recreation:</i>					
Parks and Playground	2,000	2,100	1,723	377	3,185
Community Center	2,850	2,850	2,682	168	1,874
Capital Outlay	1,000	1,400	1,399	1	-
<i>Total Culture & Recreation</i>	<u>5,850</u>	<u>6,350</u>	<u>5,804</u>	<u>546</u>	<u>5,059</u>
Total Expenditures	<u>\$ 3,067,498</u>	<u>\$ 3,450,600</u>	<u>\$ 3,538,042</u>	<u>\$ (87,442)</u>	<u>\$ 2,749,541</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, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007 - CONTINUED)

	<u>Budget Amounts</u>		<u>Actual 2008</u>	Variance With Final Budget- Positive (Negative)	<u>Actual 2007</u>
	<u>Original</u>	<u>Final</u>			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 7,102</u>	<u>\$ (107,365)</u>	<u>\$ (91,035)</u>	<u>\$ 16,330</u>	<u>\$ 483,427</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In (Out)	-	-	(167,336)	(167,336)	(327,811)
Proceeds from Capital Lease Financing	-	-	159,952	159,952	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>(7,384)</u>	<u>(7,384)</u>	<u>(327,811)</u>
Net Change in Fund Balance	7,102	(107,365)	(98,419)	8,946	155,616
Fund Balance - October 1	<u>1,130,162</u>	<u>1,130,162</u>	<u>1,130,162</u>	<u>-</u>	<u>974,546</u>
Fund Balance - September 30	<u>\$ 1,137,264</u>	<u>\$ 1,022,797</u>	<u>\$ 1,031,743</u>	<u>\$ 8,946</u>	<u>1,130,162</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, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budget Amounts		Actual 2008	Variance With Final Budget- Positive	Actual 2007
	Original	Final		(Negative)	
REVENUES					
Taxes	\$ 629,000	\$ 629,000	\$ 619,823	\$ (9,177)	\$ 640,967
Interest	7,500	7,500	8,863	1,363	13,313
Miscellaneous Income	-	-	5,691	5,691	537
TOTAL REVENUES	<u>636,500</u>	<u>636,500</u>	<u>634,377</u>	<u>(2,123)</u>	<u>654,817</u>
EXPENDITURES					
<i>Current:</i>					
Personnel	223,577	235,955	234,779	1,176	197,390
Administrative	8,221	6,269	4,807	1,462	4,352
Facilities Operating	62,000	59,400	62,320	(2,920)	49,241
Capital Outlay	5,260	21,810	21,311	499	6,374
TOTAL EXPENDITURES	<u>299,058</u>	<u>323,434</u>	<u>323,217</u>	<u>217</u>	<u>257,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>337,442</u>	<u>313,066</u>	<u>311,160</u>	<u>(1,906)</u>	<u>397,460</u>
OTHER FINANCING SOURCES (USES)					
Transfer (Out) to Primary Government	(337,442)	(323,067)	(322,984)	83	(325,597)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(337,442)</u>	<u>(323,067)</u>	<u>(322,984)</u>	<u>83</u>	<u>(325,597)</u>
Net Change in Fund Balance	-	(10,001)	(11,824)	(1,823)	71,863
Fund Balance at Beginning of Year	<u>390,891</u>	<u>390,891</u>	<u>390,891</u>	<u>-</u>	<u>319,028</u>
Fund Balance at End of Year	<u>\$ 390,891</u>	<u>\$ 380,890</u>	<u>\$ 379,067</u>	<u>\$ (1,823)</u>	<u>\$ 390,891</u>

CITY OF BALCONES HEIGHTS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 HOTEL/MOTEL TAX FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 (WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	<u>Budget Amounts</u>		Actual 2008	Variance With Final Budget- Positive	Actual 2007
	<u>Original</u>	<u>Final</u>		(Negative)	
REVENUES					
Hotel/Motel Tax	\$ 270,000	\$ 270,000	\$ 278,492	\$ 8,492	\$ 257,697
Interest Income	26,500	26,500	22,064	(4,436)	35,254
Miscellaneous	1,000	1,000	300	(700)	1,794
	<u>297,500</u>	<u>297,500</u>	<u>300,856</u>	<u>3,356</u>	<u>294,745</u>
TOTAL REVENUES					
	<u>297,500</u>	<u>297,500</u>	<u>300,856</u>	<u>3,356</u>	<u>294,745</u>
EXPENDITURES					
Other/Community Center:					
Personnel	114,075	113,895	113,175	720	99,189
Facilities Operating	52,700	36,321	36,149	172	36,149
Advertising/Promotion	84,537	101,096	102,021	(925)	87,034
Arts	25,000	25,000	24,975	25	35,683
Capital Projects/Outlay	-	-	-	-	40,157
	<u>276,312</u>	<u>276,312</u>	<u>276,320</u>	<u>(8)</u>	<u>298,212</u>
TOTAL EXPENDITURES					
	<u>276,312</u>	<u>276,312</u>	<u>276,320</u>	<u>(8)</u>	<u>298,212</u>
Net Change in Fund Balance	21,188	21,188	24,536	3,348	(3,467)
Beginning Fund Balance - October 1	<u>636,826</u>	<u>636,826</u>	<u>636,826</u>	<u>-</u>	<u>640,293</u>
Ending Fund Balance - September 30	<u>\$ 658,014</u>	<u>\$ 658,014</u>	<u>\$ 661,362</u>	<u>\$ 3,348</u>	<u>\$ 636,826</u>

CITY OF BALCONES HEIGHTS, TEXAS
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
SEPTEMBER 30, 2008

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.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Expenditures exceeded appropriations in the General Fund due to the purchase of police vehicles with Capital lease financing. Council approved the purchase with related financing, however, the budget was not amended to reflect the action.

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

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

<u>CALENDAR YEAR</u>	<u>ACTUARIAL VALUE OF ASSETS **</u>	<u>ACTUARIAL ACCRUED LIABILITY*</u>	<u>FUNDING RATIO (1)/(2)</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY</u>	<u>ANNUAL COVERED PAYROLL</u>	<u>UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL</u>
2005	4,085,608	5,012,064	81.5%	926,456	1,836,240	50.5%
2006	4,558,773	5,635,781	80.9%	1,077,008	1,593,060	67.6%
2007	4,050,932	6,586,640	61.5%	2,535,708	1,624,533	156.1%

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

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

OTHER SUPPLEMENTARY INFORMATION

Other 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:

- Combining Statements – Nonmajor Governmental Funds

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

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.

Library Fund – established to account for proceeds from the sale of publications to be used toward future library expansion.

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

Street Maintenance Fund – Used to account for a portion of ad valorem tax designated and other sources obtained for the specific purpose of street maintenance.

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

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

CDBG Grant Fund – established to account for revenues received from a Community Development Block Grant to fund park improvements and street projects.

CITY OF BALCONES HEIGHTS, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2008

ASSETS	<u>Library Fund</u>	<u>Child Safety Fund</u>	<u>Street Maintenance Fund</u>	<u>State Asset Forfeiture</u>
Cash	\$ -	\$ 2,266	\$ 258,917	\$ 2,341
Investments	-	18,778	-	-
Grants Receivable				
Other Receivables				
Due from Other Governments				
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 21,044</u></u>	<u><u>\$ 258,917</u></u>	<u><u>\$ 2,341</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 11,664	\$ -
Accrued Expenses				
Due to Other Funds				
Total Liabilities	<u>-</u>	<u>-</u>	<u>11,664</u>	<u>-</u>
Fund Balance:				
Unreserved/Undesignated	<u>-</u>	<u>21,044</u>	<u>247,253</u>	<u>2,341</u>
Total Fund Balance	<u>-</u>	<u>21,044</u>	<u>247,253</u>	<u>2,341</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ 21,044</u></u>	<u><u>\$ 258,917</u></u>	<u><u>\$ 2,341</u></u>

Federal Asset Forfeiture	Traffic Safety Fund	CDGB Grant Fund	<u>Total</u> <u>2008</u>
\$ 45	\$ 61,701	\$ -	\$ 325,270
-		-	18,778
		26,599	26,599
	283		283
<u>\$ 45</u>	<u>\$ 61,984</u>	<u>\$ 26,599</u>	<u>\$ 370,930</u>
\$ -	\$ 2,905	\$ -	\$ 14,569
	1,000	-	1,000
		26,599	26,599
<u>-</u>	<u>3,905</u>	<u>26,599</u>	<u>42,168</u>
<u>45</u>	<u>58,079</u>	<u>-</u>	<u>328,762</u>
<u>45</u>	<u>58,079</u>	<u>-</u>	<u>328,762</u>
<u>\$ 45</u>	<u>\$ 61,984</u>	<u>\$ 26,599</u>	<u>\$ 370,930</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, 2008

	Library Fund	Child Safety Fund	Street Maintenance Fund	State Asset Forfeiture
REVENUES				
Ad Valorem Tax	\$ -	\$ -	\$ 75,000	\$ -
Intergovernmental	-	-	-	-
Fines and Forfeits	-	3,468	-	-
Interest/Misc. Income	-	884	6,673	61
TOTAL REVENUES	<u>-</u>	<u>4,352</u>	<u>81,673</u>	<u>61</u>
EXPENDITURES				
Current Expense	-	14,548	23,953	1
Capital Outlay	-	-	910	-
TOTAL EXPENDITURES	<u>-</u>	<u>14,548</u>	<u>24,863</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(10,196)</u>	<u>56,810</u>	<u>60</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(1,361)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	<u>(1,361)</u>	<u>(10,196)</u>	<u>56,810</u>	<u>60</u>
Beginning Fund Balance - October 1	<u>1,361</u>	<u>31,240</u>	<u>190,443</u>	<u>2,281</u>
Ending Fund Balance - September 30	<u>\$ -</u>	<u>\$ 21,044</u>	<u>\$ 247,253</u>	<u>\$ 2,341</u>

Federal Asset Forfeiture	Traffic Safety Fund	CDBG Grant Fund	<u>Total</u> <u>2007</u>
\$ -	\$ -	\$ -	\$ 75,000
-	-	49,686	49,686
-	159,675	-	163,143
-	1,097	-	8,715
<u>-</u>	<u>160,772</u>	<u>49,686</u>	<u>296,544</u>
-	92,026	-	130,528
<u>-</u>	<u>34,699</u>	<u>49,686</u>	<u>85,295</u>
<u>-</u>	<u>126,725</u>	<u>49,686</u>	<u>215,823</u>
<u>-</u>	<u>34,047</u>	<u>-</u>	<u>80,721</u>
-	24,032	-	24,032
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,361)</u>
<u>-</u>	<u>24,032</u>	<u>-</u>	<u>22,671</u>
-	58,079	-	103,392
<u>45</u>	<u>-</u>	<u>-</u>	<u>225,370</u>
<u>\$ 45</u>	<u>\$ 58,079</u>	<u>\$ -</u>	<u>\$ 328,762</u>

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CITY OF BALCONES HEIGHTS, TEXAS
STATISTICAL SECTION
SEPTEMBER 30, 2008

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

Revenue Capacity

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

Debt Capacity

Ratios of Outstanding Debt by Type
Legal Debt Margin

Demographic and Economic Information

Demographic and Economic Statistics
Principal Employers

Operating Information

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

CITY OF BALCONES HEIGHTS, TEXAS
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS

	Fiscal Year				
	2004	2005	2006	2007	2008
NET ASSETS					
<i>Governmental Activities</i>					
Invested in Capital Assets, Net of Related Debt	\$ 938,498	\$ 1,588,660	\$ 1,570,744	\$ 2,368,441	\$ 2,594,570
Restricted	217,082	222,933	305,712	321,380	328,270
Unrestricted	<u>2,091,810</u>	<u>1,489,149</u>	<u>2,148,471</u>	<u>2,545,478</u>	<u>3,274,570</u>
<i>Total Governmental Activities Net Assets</i>	<u>\$ 3,247,390</u>	<u>\$ 3,300,742</u>	<u>\$ 4,024,927</u>	<u>\$ 5,235,299</u>	<u>\$ 6,197,410</u>
<i>Business-Type Activities</i>					
Invested in Capital Assets, Net of Related Debt	\$ 97,230	\$ 94,848	\$ 92,465	\$ 90,083	\$ 87,700
Restricted	-	-	-	-	-
Unrestricted	<u>485,055</u>	<u>524,269</u>	<u>605,313</u>	<u>683,195</u>	<u>165,648</u>
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 582,285</u>	<u>\$ 619,117</u>	<u>\$ 697,778</u>	<u>\$ 773,278</u>	<u>\$ 253,348</u>
<i>Primary Government</i>					
Invested in Capital Assets, Net of Related Debt	\$ 1,035,725	\$ 1,683,508	\$ 1,663,209	\$ 2,458,524	\$ 2,682,270
Restricted	217,082	222,933	305,712	321,380	328,270
Unrestricted	<u>2,576,865</u>	<u>2,013,418</u>	<u>2,753,784</u>	<u>3,228,673</u>	<u>3,440,218</u>
<i>Total Primary Government Net Assets</i>	<u>\$ 3,829,672</u>	<u>\$ 3,919,859</u>	<u>\$ 4,722,705</u>	<u>\$ 6,008,577</u>	<u>\$ 6,450,758</u>

CITY OF BALCONES HEIGHTS, TEXAS
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS

	Fiscal Year				
	2004	2005	2006	2007	2008
Net (Expense) Revenue					
<i>Governmental Activities:</i>					
General Government	\$ (735,648)	\$ (643,063)	\$ (641,875)	\$ (815,429)	\$(1,072,913)
Public Safety	(1,280,263)	(1,469,691)	(1,605,273)	(1,429,467)	(1,520,084)
Public Works	(132,031)	306,990	(170,232)	341,571	(164,438)
Health and Welfare	(14,500)	(12,039)	(12,000)	(12,000)	(12,000)
Culture and Recreation	(131,678)	(935,812)	(179,044)	(262,129)	(282,959)
Capital Outlay	-	-	-	(44,483)	(18,946)
Interest on Long-Term Debt	(134,507)	(124,547)	(111,721)	(136,114)	(129,072)
<i>Total Governmental Activities</i>					
<i>Net Assets</i>	<u>(2,428,627)</u>	<u>(2,878,162)</u>	<u>(2,720,145)</u>	<u>(2,358,051)</u>	<u>(3,200,412)</u>
<i>Business-Type Activities:</i>					
Wastewater	44,074	23,824	53,063	42,425	43,040
<i>Total Business-Type Activities</i>					
<i>Net Assets</i>	<u>44,074</u>	<u>23,824</u>	<u>53,063</u>	<u>42,425</u>	<u>43,040</u>
General Revenues and Other					
Changes in Net Assets					
<i>Governmental Activities:</i>					
General Property Taxes	729,960	819,974	964,915	978,180	1,040,744
Franchise Taxes	232,372	245,910	273,666	268,169	282,575
Sales Taxes	1,539,564	1,549,520	1,694,814	1,760,152	1,722,223
Hotel Occupancy Taxes	204,552	190,540	263,560	257,697	278,492
Mixed Beverage Tax	27,186	40,787	34,785	39,029	42,163
Interest and Investment Earnings	23,438	22,800	93,348	142,647	100,440
Miscellaneous	74,766	35,985	38,470	72,549	89,886
Gain (Loss) on sale of capital assets	-	-	80,772	50,000	-
Transfers	570	-	-	-	606,000
<i>Total Governmental Activities</i>					
<i>Net Assets</i>	<u>2,832,408</u>	<u>2,905,516</u>	<u>3,444,330</u>	<u>3,568,423</u>	<u>4,162,523</u>
<i>Business-Type Activities:</i>					
Interest and Investment Earnings	4,843	13,008	25,598	33,075	43,030
Transfers	(570)	-	-	-	(606,000)
<i>Total Business-Type Activities</i>	<u>4,273</u>	<u>13,008</u>	<u>25,598</u>	<u>33,075</u>	<u>(562,970)</u>
Change in Net Assets					
Governmental Activities	403,781	27,354	724,185	1,210,372	962,111
Business-Type Activities	48,347	36,832	78,661	75,500	(519,930)
<i>Total Primary Government</i>	<u>\$ 452,128</u>	<u>\$ 64,186</u>	<u>\$ 802,846</u>	<u>\$ 1,285,872</u>	<u>\$ 442,181</u>

GASB Statement No. 34 reporting requirements were implemented in fiscal year 2004.

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

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

	Fiscal Year				
	2004	2005	2006	2007	2008
<i>General Fund</i>					
Reserved	\$ 128,323	\$ 50,758	\$ 68,213	\$ 90,848	\$ 91,083
Unreserved	312,919	438,824	906,333	1,039,314	940,660
<i>Total General Fund</i>	<u>\$ 441,242</u>	<u>\$ 489,582</u>	<u>\$ 974,546</u>	<u>\$ 1,130,162</u>	<u>\$ 1,031,743</u>
 <i>All Other Governmental Funds</i>					
Reserved	\$ -	\$ 2,000	\$ 13,014	\$ 1,496	\$ -
Unreserved, reported in:					
Special Revenue Funds	1,688,531	1,062,981	1,307,854	1,251,592	1,369,191
Capital Projects Funds	2,631	2,691	2,817	339,551	1,085,206
Debt Service Funds	217,082	218,808	236,429	229,136	238,243
<i>Total Other Governmental Funds</i>	<u>\$ 1,908,244</u>	<u>\$ 1,286,480</u>	<u>\$ 1,560,114</u>	<u>\$ 1,821,775</u>	<u>\$ 2,692,640</u>

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

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes	\$ 2,740,475	\$ 2,846,164	\$ 3,238,179	\$ 3,306,131	\$ 3,368,687
Licenses and Permits	57,321	38,801	44,656	32,782	135,113
Intergovernmental	54,429	648,436	119,364	493,681	51,581
Charges for Services	245,483	180,464	225,676	330,643	257,443
Fines and Forfeits	92,720	90,307	115,832	427,084	763,907
Interest	23,439	53,437	93,405	142,647	100,442
Miscellaneous	74,767	5,346	316,934	122,550	92,747
Total Revenues	<u>3,288,634</u>	<u>3,862,955</u>	<u>4,154,046</u>	<u>4,855,518</u>	<u>4,769,920</u>
Expenditures					
Personal Services	1,459,444	-	-	-	-
General Government	381,285	590,894	635,961	869,880	1,219,301
Public Safety	489,874	1,828,282	1,971,327	2,025,851	2,313,565
Public Works	47,542	76,918	188,719	111,134	149,612
Health and Welfare	14,500	12,039	12,000	12,000	26,548
Culture and Recreation	130,852	181,027	175,302	263,113	280,725
Capital Projects Outlay	291,742	1,385,000	842,197	768,565	388,289
Debt Service:					
Principal	235,508	240,390	252,469	254,212	258,763
Interest and Fiscal Charges	131,689	121,829	109,171	133,486	126,622
Total Expenditures	<u>3,182,436</u>	<u>4,436,379</u>	<u>4,187,146</u>	<u>4,438,241</u>	<u>4,763,425</u>
Excess of Revenues Over (Under) Expenditures	<u>106,198</u>	<u>(573,424)</u>	<u>(33,100)</u>	<u>417,277</u>	<u>6,495</u>
Other Financing Sources (Uses)					
Operating Transfers In	324,906	322,769	324,725	653,408	1,097,681
Operating Transfers Out	(324,336)	(322,769)	(324,725)	(653,408)	(491,681)
Proceeds of Long-Term Financing	168,022	-	791,698	-	159,952
Total Other Financing Sources (Uses)	<u>168,592</u>	<u>-</u>	<u>791,698</u>	<u>-</u>	<u>765,952</u>
Net Change in Fund Balance	<u>\$ 274,790</u>	<u>\$ (573,424)</u>	<u>\$ 758,598</u>	<u>\$ 417,277</u>	<u>\$ 772,447</u>
Debt Service as a Percentage of Noncapital Expenditures	14.60%	13.50%	12.10%	11.81%	8.81%

The City changed the accounting for personnel costs in 2005 to include all costs of personnel within each function, rather than a separate line item.

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

<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>
2004	\$ 736,801	\$ 1,539,564	\$ 204,552	\$ 232,372	\$ 27,186	\$ 2,740,475
2005	819,407	1,549,520	190,540	245,910	40,787	2,846,164
2006	971,354	1,694,814	263,560	273,666	34,785	3,238,179
2007	981,084	1,760,152	257,697	268,169	39,029	3,306,131
2008	\$ 1,043,234	1,722,223	278,492	282,575	42,163	3,368,687

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

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
1999	536,843	520,341	96.9%	14,015	534,356	99.5%
2000	510,058	494,601	97.0%	14,173	508,774	99.7%
2001	527,014	517,801	98.3%	8,660	526,461	99.9%
2002	538,063	533,661	99.2%	4,124	537,785	99.9%
2003	585,053	579,456	99.0%	3,205	582,661	99.6%
2004	722,083	715,694	99.1%	4,393	720,087	99.7%
2005	845,812	808,428	95.6%	35,520	843,948	99.8%
2006	933,219	925,883	99.2%	5,668	931,551	99.8%
2007	977,009	970,513	99.3%	3,487	974,000	99.7%
2008	1,040,807	1,036,119	99.5%	-	1,036,119	99.5%

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

Fiscal Year	City Direct Rates			Overlapping Rates		
	General M&O	Debt Service	Total Direct	Northeast ISD	San Antonio ISD	Bexar County
2004	0.505909	0.036509	0.542418	1.744000	1.722000	0.333671
2005	0.505909	0.021121	0.527030	1.794000	1.722000	0.331190
2006	0.535622	0.022878	0.558500	1.794000	1.720000	0.331190
2007	0.510777	0.021627	0.532404	1.669000	1.579700	0.326866
2008	0.465070	0.033286	0.498356	1.402900	1.249700	0.295104

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

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2005	\$ 38,530,697	\$ 123,335,352	\$ -	\$ 7,167,013	\$ 154,699,036	0.527030
2006	43,746,405	134,534,301	-	11,171,252	167,109,454	0.558500
2007	47,142,984	145,277,360	-	8,765,525	183,654,819	0.532404
2008	50,340,920	166,455,919	-	8,091,953	208,704,886	0.498356

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)

Taxpayer	2008		Percentage of Total City Taxable Assessed Value	1997	
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank
Heart Hospital of San Antonio	\$ 34,363,240	1	16.46%	\$ -	
Crossroads Retail LP	24,424,799	2	11.70%	-	
Target Corporation	21,066,660	3	10.09%	-	
Heart Hospital, LP	12,994,680	4	6.23%	-	
Savings Square Partners, Ltd.	6,705,054	5	3.21%	-	
IH-10 Heart Plaza, Ltd.	6,000,000	6	2.87%	-	
SFP Apartments, LLC	5,896,480	7	2.83%	-	
Hallmark Apartments, Ltd.	4,861,060	8	2.33%	-	
Duke Charles W. etal	4,200,000	9	2.01%	3,900,000	4
Burlington Factory Warehouse	4,051,630	10	1.94%	3,503,920	6
Alegria Del Sol, LLC	-		-	-	
MRO Southwest Inc.	-		-	21,556,256	1
K-Mart Corporation	-		-	4,227,130	3
UVAG Realty Partnership	-		-	4,101,000	4
Montgomery Ward and Co., Inc.	-		-	3,676,280	5
Jumbo Sports #26	-		-	2,846,410	7
Art Villamadrid/Cumberland	-		-	2,481,700	8
San Antonio Summerwind, Ltd.	-		-	2,450,000	9
CE San Antonio Investment	-		-	2,429,748	10
Total	\$ 124,563,603		59.68%	\$ 43,810,996	

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

Fiscal Year	Governmental Activities			Total Primary Government	Actual Taxable Value of Property	Percentage of Taxable Value of Property	Per Capita
	General Obligation Bonds	Combination Certificates of Obligation	Capital Leases				
2004	\$ 70,000	\$ 2,115,000	\$ 127,514	\$ 2,312,514	\$ 128,189,548	1.8%	767
2005	35,000	1,950,000	87,124	2,072,124	154,699,036	1.3%	687
2006	-	1,775,000	836,353	2,611,353	167,109,454	1.6%	866
2007	-	1,590,000	767,141	2,357,141	183,654,819	1.3%	792
2008	-	1,395,000	863,330	2,258,330	208,704,886	1.1%	759

Population data on page 68.

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

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value		<u>\$ 208,704,886</u>
*Debt limit (10% of assessed value)		20,870,489
Outstanding Debt	\$ 2,258,330	
Less: amount set aside for repayment of general obligation debt	<u>(238,243)</u>	
Total net debt applicable to limit	<u>\$ 2,020,087</u>	<u>(2,020,087)</u>
Economic Debt Margin		<u>\$ 18,850,402</u>

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt Limit	\$ 12,818,955	\$ 15,469,903	\$ 16,710,945	\$ 18,365,482	\$ 20,870,489
Total Net Debt Applicable to Limit	(2,095,432)	(1,853,316)	(2,374,924)	(2,128,005)	(2,020,087)
Legal Debt Margin	<u>\$ 10,723,523</u>	<u>\$ 13,616,587</u>	<u>\$ 14,336,021</u>	<u>\$ 16,237,477</u>	<u>\$ 18,850,402</u>

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Unemployment Rate</u>
2004	3016	25,764	31.90	5.7%
2005	3016	25,764	31.90	5.0%
2006	3016	25,764	31.90	5.2%
2007	2975	30,843	32.90	4.7%
2008	2976	24,950	31.90	4.2%

Source: U.S. Census Bureau

Per capita personal income is not available for Balcones Heights. The above per capita personal income, median age, and unemployment rate are for Bexar County and were obtained from the County Information Project, Texas Association of Counties.

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

Employer	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
HEB Food Stores	23,000	1	2.49%	N/A	N/A	N/A
USAA	13,500	2	1.46%	N/A	N/A	N/A
AT&T	6,000	3	0.65%	N/A	N/A	N/A
Wachovia	3,300	4	0.36%	N/A	N/A	N/A
Southwest Research	2,674	5	0.29%	N/A	N/A	N/A
Citibank	2,600	6	0.28%	N/A	N/A	N/A
West Telemarketing	2,366	7	0.26%	N/A	N/A	N/A
JP Morgan Chase	2,300	8	0.25%	N/A	N/A	N/A
Valero	2,074	9	0.22%	N/A	N/A	N/A
Kinetic	2,047	10	0.22%	N/A	N/A	N/A
Total	<u>59,861</u>		<u>6.48%</u>	N/A	N/A	N/A

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

Source: San Antonio Economic Development Foundation

Data for 1999 was not available.

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

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Traffic Violations	2,320	2,907	4,678	6,964	7,843
Arrests	580	716	704	569	1,526
Fire					
Fire Calls	208	211	206	145	218
EMS Calls	681	731	750	843	835
Inspections	31	50	45	-	71
Water					
Service Connections	N/A	380	389	388	380
Average Daily Consumption	N/A	556,013	461,578	522,174	435,938
Sewer					
Service Connections	N/A	366	375	374	350

Source: Various city departments.

Water and Sewage treatment provided by San Antonio Water System.

N/A = Not Available

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

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Stations	1	1	1	1	1
Officers (Including Reserves)	24	24	26	26	30
Fire					
Stations	1	1	1	1	1
Firefighters (Including Reserves)	24	24	24	24	20
Culture and Recreation					
Community Centers	1	1	1	1	1
Parks	2	2	2	2	2
Park Acreage	2.5	3.0	3	3	3
Public Works					
Miles of Streets	7.22	7.22	7.22	7.22	7.22
Water					
Miles of Water Mains	8	8	8	8	8
Number of Hydrants	80	80	80	80	80
Sewer					
Miles of Sanitary Sewers	N/A	N/A	N/A	N/A	N/A
Feet of Storm Sewers	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 FOUR FISCAL YEARS
 (UNAUDITED)

Function	Fiscal Year End			
	2005	2006	2007	2008
<i>General Government</i>				
City Administrator	1.0	1.0	1.0	1.0
Secretary/Treasurer	1.5	1.5	1.5	1.5
Personnel/Finance	1.0	1.0	1.0	1.5
Municipal Court	2.0	2.5	2.5	2.0
<i>Public Safety</i>				
Police Department	18.5	19.5	22.5	22.0
Communications	5.0	5.0	5.0	3.0
Fire Department	19.0	19.0	19.0	14.0
<i>Public Works</i>				
Building and Department	0.5	0.5	1.0	0.5
Streets and Grounds	1.5	1.5	1.5	1.0
<i>Culture and Recreation</i>				
Tourism Department	1.0	2.0	2.0	2.0
<i>Total</i>	51.0	53.5	57.0	48.5

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