

**CITY OF BALCONES HEIGHTS
CRIME CONTROL AND
PREVENTION DISTRICT**

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEARS ENDED
SEPTEMBER 30, 2013 AND 2012**

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND 2012

BOARD OF DIRECTORS

President..... Lamar Gillian
Vice-President.....Miguel Valverde
DirectorSuzanne DeLeon
DirectorJack Burton
DirectorMadeline Slay
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CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

The President
and Members of the Board of Directors
City of Balcones Heights Crime Control and Prevention District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Balcones Heights Crime Control and Prevention District (a component unit of the City of Balcones Heights) as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements which collectively comprise the City of Balcones Heights Crime Control and Prevention District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of City of Balcones Heights Crime Control and Prevention District, as of September 30, 2013 and 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Armstrong, Vaughan & Associates, P.C.

December 19, 2013

BALCONES HEIGHTS CRIME CONTROL & PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Balcones Heights Crime Control & Prevention District, a component unit of the City of Balcones Heights, Texas, financial performance provides an overview of the District's financial activity for the fiscal year ended September 30, 2013. It should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position was \$283,724 at September 30, 2013.
- The District's total revenues for fiscal 2013 were \$701,615 while total expenses (including transfer to primary government) were \$653,456.
- The District's net position increased by \$48,159 in fiscal 2013.

DISTRICT HIGHLIGHTS

The Balcones Heights Crime Control & Prevention District was created on September 19, 1998 under the authority of *Section 363.051, et.Seq.* of the Crime Control District Act. The District receives all its proceeds from the ½ cent sales tax adopted in 1998 for crime control and prevention activities in the City of Balcones Heights, Texas and from interest earned on deposited funds.

USING THIS ANNUAL REPORT

This annual report consists of three parts; [1] Management's Discussion and Analysis, [2] Financial Statements and [3] Required Supplementary Information. The Statement of Net Position and Activities provides information about the District as a whole. The District's net position – the difference between assets and liabilities – is a way to measure financial health or financial position.

STATEMENT OF NET POSITION

Table B-1 shows all of the assets and liabilities of the District and is presented on the accrual basis. The total net position as of September 30, 2013 is \$283,724. None of the District's net position is reserved and therefore, is available for operation of the District.

Table B-1
Balcones Heights Crime Control and Prevention District
Net Position

	2013	2012	2011
Current Assets	\$ 339,947	\$ 289,227	\$ 270,964
Total Assets	339,947	289,227	270,964
Current Liabilities	14,004	13,912	3,772
Non-Current Liabilities	42,219	39,750	33,563
Total Liabilities	56,223	53,662	37,335
Unrestricted	283,724	235,565	233,629
Total Net Position	\$ 283,724	\$ 235,565	\$ 233,629

STATEMENT OF ACTIVITIES

Table B-2 shows all of the expenses and revenues of the District for fiscal 2013 and is also presented on the accrual basis. General Revenues consist of the ½ cent sales tax and interest earned.

Table B-2
Balcones Heights Crime Control and Prevention District
Changes in Net Position

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Program Revenues	\$ -	\$ -	\$ -
General Revenues	<u>701,615</u>	<u>672,099</u>	<u>606,329</u>
Total Revenues	<u>701,615</u>	<u>672,099</u>	<u>606,329</u>
Total Expenses	<u>389,861</u>	<u>412,413</u>	<u>352,052</u>
Transfers to Primary Government	<u>263,595</u>	<u>257,750</u>	<u>267,200</u>
Total Expenses	<u>653,456</u>	<u>670,163</u>	<u>619,252</u>
Change in Net Position	<u>\$ 48,159</u>	<u>\$ 1,936</u>	<u>\$ (12,923)</u>

BALANCE SHEET

The Balance Sheet shows the assets, liabilities and the fund balance of the District.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

This Statement shows the revenues and expenditures for the District. As stated earlier, the ½ cent sales tax provides most of the District's revenue. The interest amount was derived from District funds invested and from funds on deposit. The net of the revenues and expenditures is the change in fund balance.

BUDGET TO ACTUAL

The District's total actual expenditures were less than budgeted amounts.

DESCRIPTION OF CURRENT AND EXPECTED CONDITIONS

Presently, the Board of Directors is not aware of any significant changes in conditions that would have a significant effect on the financial position of the District in the near future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability to its taxpayers. If you have any questions about this report or need additional financial information, contact the City's Administration Department.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
 STATEMENTS OF NET POSITION
 SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
<i>Current Assets:</i>		
Cash and Investments	\$ 228,620	\$ 172,190
Accounts Receivable - State	111,327	117,037
<i>Total Current Assets</i>	339,947	289,227
TOTAL ASSETS	339,947	289,227
 LIABILITIES		
<i>Current Liabilities:</i>		
Accounts Payable	8,581	7,422
Accrued Expenses	5,423	6,490
<i>Noncurrent Liabilities:</i>		
Pension Benefit Obligation	22,767	22,708
Due within One Year	9,726	8,521
Due in more than One Year	9,726	8,521
TOTAL LIABILITIES	56,223	53,662
 NET POSITION		
Unrestricted	283,724	235,565
TOTAL NET POSITION	\$ 283,724	\$ 235,565

The accompanying notes are an integral part of these statements.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
EXPENSES		
<i>Public Safety:</i>		
Personnel	\$ 300,594	\$ 292,957
Administrative Costs	7,147	7,234
Facilities	82,120	112,222
TOTAL EXPENSES	389,861	412,413
 REVENUES		
<i>Program Revenues:</i>		
Charges for Services	-	-
<i>Total Program Revenues</i>	-	-
 <i>Net Governmental Activities</i>	(389,861)	(412,413)
 <i>General Revenues:</i>		
Sales Taxes	701,526	671,977
Interest & Miscellaneous Revenues	89	122
<i>Total General Revenues</i>	701,615	672,099
 <i>Transfers to Primary Government</i>	(263,595)	(257,750)
 <i>Change in Net Position</i>	48,159	1,936
 BEGINNING NET POSITION	235,565	233,629
 ENDING NET POSITION	\$ 283,724	\$ 235,565

The accompanying notes are an integral part of these statements.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
BALANCE SHEETS
SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Cash and Investments	\$ 228,620	\$ 172,190
Accounts Receivable - State	111,327	117,037
TOTAL ASSETS	\$ 339,947	\$ 289,227
 LIABILITIES & FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 8,581	\$ 7,422
Accrued Expenditures	5,423	6,490
<i>Total Liabilities</i>	14,004	13,912
 <i>Fund Balance:</i>		
Unassigned	325,943	275,315
<i>Total Fund Balance</i>	325,943	275,315
 TOTAL LIABILITIES & FUND BALANCE	\$ 339,947	\$ 289,227
 RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF NET POSITION:		
TOTAL FUND BALANCES	\$ 325,943	\$ 275,315
Reconciling Items:		
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds.	(19,452)	(17,042)
 The Governmental funds report the net pension benefit obligation as expenditures when paid. However, in the Statement of Activities, differences between pension plan contributions and costs for the year are reported as an asset or obligation.	(22,767)	(22,708)
TOTAL NET POSITION	\$ 283,724	\$ 235,565

The accompanying notes are an integral part of these statements.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
REVENUES		
Taxes	\$ 701,526	\$ 671,977
Interest	89	122
TOTAL REVENUES	701,615	672,099
 EXPENDITURES		
<i>Public Safety:</i>		
Personnel	298,125	286,770
Administrative Costs	7,147	7,234
Facilities Operating	82,120	112,222
TOTAL EXPENDITURES	387,392	406,226
 Excess (Deficiency) of Revenues Over (Under) Expenditures	314,223	265,873
 OTHER FINANCING SOURCES (USES)		
Transfer (Out) to Primary Government	(263,595)	(257,750)
TOTAL OTHER FINANCING SOURCES (USES)	(263,595)	(257,750)
 Net Change in Fund Balance	50,628	8,123
 Fund Balance at Beginning of Year	275,315	267,192
 Fund Balance at End of Year	\$ 325,943	\$ 275,315
 RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES		
 NET CHANGE IN FUND BALANCE	\$ 50,628	\$ 8,123
Some expenses reported in the governmental funds that require the use of current financial resources will benefit future periods and, therefore, are deferred in the Statement of Activities:		
Compensated Absences	(2,410)	(4,452)
Net Pension Benefit Obligation	(59)	(1,735)
CHANGE IN NET POSITION	\$ 48,159	\$ 1,936

The accompanying notes are an integral part of these statements.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

The City of Balcones Heights Crime Control and Prevention District is a special crime control district, with powers of taxation, created pursuant to Section 363.051, et. Seq. of the Crime Control District Act. The City of Balcones Heights Crime Control and Prevention District (hereafter referred to as 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 Balcones Heights. The District is a component unit of the City of Balcones Heights. A component unit is a legally separate entity for which the elected officials of the governmental unit are financially accountable. The District will be presented in the City's financial statements as a blended component unit.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements present the financial position and results of operations of the District only.

2. Basis of Presentation

GASB Statement No. 34 mandates government-wide financial statements of net position and activities, which are presented on the measurement and accrual basis of accounting. It also requires that capital assets be recorded at cost less accumulated depreciation.

The District also presents fund financial statements relevant to the operations of the District.

Governmental funds use the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service which are recognized when paid.

3. Budgets

The District adopts an annual operating budget which is approved by City Council. Formal budgetary accounting is employed as a management control. The budget can be amended by the Board of Directors, subject to City Council approval. Actual expenditures cannot legally exceed budgeted appropriations at the fund level. All budgeted appropriations lapse at the end of each fiscal year. The budget is presented on the modified accrual basis of accounting.

4. Cash and Investments

Cash and investments include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District, including local government pools.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013 AND 2012

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

5. Related Party Transactions

During the course of operations, numerous transactions occur between the District and the City. These receivables and payables (if any) are classified as “due from primary government” or “due to primary government” on the balance sheet and statement of net assets.

6. Compensated Absences

The District 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.

7. Net Pension Benefit Obligation

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

8. Fund Balance

Fund balances in governmental funds are classified as below:

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

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

Committed – Represents amounts that can only be used for a specific purpose because of a formal action by the Board of Directors. Committed amounts cannot be used for any other purpose unless the Board of Directors remove those constraints through the same formal action.

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

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013 AND 2012

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

8. Fund Balance (Continued)

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

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

9. Net Position

Net position represents the difference between assets and liabilities. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any loans used to purchase, construct, or improve those assets. As of September 30, 2013 and 2012, the District had no capital assets or related debt.

10. 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.

11. Implementation of New Accounting Principles

For the year ended September 30, 2013, the District implemented the following statements of financial accounting standards issued by the Governmental Accounting Standards Board:

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

GASB Statements No. 63 and 65 established standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a financial statement position and related disclosures as well as reclassify certain items that were previously reported as assets and liabilities to deferred outflows of resources, deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows or inflows of resources.

NOTE B -- CASH AND INVESTMENTS

Deposits – As of September 30, 2013 and 2012, the carrying amount of the District's cash on hand and deposits with financial institutions was \$183,109 and \$71,756, respectively, and the bank balance was \$183,109 and \$72,958, respectively. All cash and deposits were insured by FDIC insurance and pledged collateral support. The District participates in a pooled cash account with the City. Interest income is allocated to the District on a monthly basis based on the relative balance.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013 AND 2012

NOTE B -- CASH AND INVESTMENTS (CONTINUED)

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

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

The Act determines the types of investments which are allowable for the District. 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.

Public Funds Investment Pools

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

The City’s investments in Pools are reported at an amount determined by the fair value per share of the pool’s underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013 AND 2012

NOTE B -- CASH AND INVESTMENTS (CONTINUED)

Public Funds Investment Pools (Continued)

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, 2013, the District had investments subject to category 1 as defined above.

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 District was not significantly exposed to credit risk.

At September 30, 2013, the District's investments were in TexPool, which are public funds investment pools where all securities held to maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2013 AND 2012

NOTE B -- CASH AND INVESTMENTS (CONTINUED)

Public Funds Investment Pools (Continued)

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

NOTE C -- LONG-TERM DEBT

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

	Balance Outstanding 10/1/2012	Additions	Retirements	Balance Outstanding 9/30/2013	Due Within One Year
<i>Liability for Employee:</i>					
<i>Compensated Absences</i>	\$ 17,042	\$ 10,931	\$ (8,521)	\$ 19,452	\$ 9,726
Total Long-Term Debt	<u>\$ 17,042</u>	<u>\$ 10,931</u>	<u>\$ (8,521)</u>	<u>\$ 19,452</u>	<u>\$ 9,726</u>

NOTE D -- EMPLOYEES' RETIREMENT SYSTEMS

The District is a component unit of the City of Balcones Heights. All employees of the District are covered under the City's payroll. The City provides pension benefits for all of its eligible employees through a nontraditional joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS. The City's financial statements should be referred to for additional information.

NOTE E -- COMMITMENTS

The District has entered into an agreement with the City of Balcones Heights for the construction and operation of a Justice Center to be occupied and used by the Balcones Heights Police Department, Municipal Courts and City Administrative offices. Pursuant to the agreement, the City of Balcones Heights has issued Certificates of Obligation in the amount of \$2,845,000 to fund the construction of the Center. The District has pledged current and future sales tax revenue for the repayment of the debt associated with the construction and operation of the Center. As of September 30, 2013 and 2012, \$259,000 and \$510,000 (respectively) of the Certificates of Obligation remained outstanding. Further detail of the Certificates of Obligation can be found in the related notes in the City's financial statements.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2013 AND 2012

NOTE F -- LITIGATION

Management is of the opinion that any proceedings known to exist as of September 30, 2013 are not likely to have a material adverse effect on the District's financial position.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2012)

	Budgeted Amounts		Actual 2013	Variance from Final Favorable (Unfavorable)	Actual 2012
	Original	Final			
REVENUES					
Taxes	\$ 652,000	\$ 652,000	\$ 701,526	\$ 49,526	\$ 671,977
Interest	150	150	89	(61)	122
TOTAL REVENUES	652,150	652,150	701,615	49,465	672,099
EXPENDITURES					
Public Safety:					
Personnel	311,741	311,741	298,125	13,616	286,770
Administrative	10,015	10,015	7,147	2,868	7,234
Facilities Operating	67,336	67,336	82,120	(14,784)	112,222
TOTAL EXPENDITURES	389,092	389,092	387,392	1,700	406,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	263,058	263,058	314,223	51,165	265,873
OTHER FINANCING SOURCES (USES)					
Transfer (Out) to Primary Government	(263,595)	(263,595)	(263,595)	-	(257,750)
TOTAL OTHER FINANCING SOURCES (USES)	(263,595)	(263,595)	(263,595)	-	(257,750)
Net Change in Fund Balance	(537)	(537)	50,628	51,165	8,123
Fund Balance at Beginning of Year	275,315	275,315	275,315	-	267,192
Fund Balance at End of Year	\$ 274,778	\$ 274,778	\$ 325,943	\$ 51,165	\$ 275,315

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