

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

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEARS ENDED  
SEPTEMBER 30, 2008 AND 2007**

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
ANNUAL FINANCIAL REPORT  
FISCAL YEARS ENDED SEPTEMBER 30, 2008 AND 2007

BOARD OF DIRECTORS

President ..... Lamar Gillian  
Vice-President ..... Miguel Valverde  
Director ..... Suzanne DeLeon  
Director ..... Linda Pohl  
Director ..... Bill Johnson  
Director ..... Charles Matthies  
Secretary ..... Delia Flores

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008 AND 2007

TABLE OF CONTENTS

BASIC FINANCIAL STATEMENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT .....	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	2
STATEMENTS OF NET ASSETS .....	5
STATEMENTS OF ACTIVITIES.....	6
BALANCE SHEETS.....	7
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE .....	8
NOTES TO THE FINANCIAL STATEMENTS .....	9
REQUIRED SUPPLEMENTARY INFORMATION	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL.....	13



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements 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, 2008 and 2007, as listed in the Table of Contents. These financial statements are the responsibility of the City of Balcones Heights Crime Control and Prevention District's management. Our responsibility is to express an opinion on these basic 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Balcones Heights Crime Control and Prevention District, as of September 30, 2008 and 2007, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the budgetary comparison information 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 applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

Armstrong, Vaughan & Associates, P.C.

January 30, 2009

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, 2008. It should be read in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

- The District's net assets were \$379,067 at September 30, 2008.
- The District's total revenues for fiscal 2008 were \$634,377
- , while total expenses (including transfer to primary government) were \$646,201.
- The District's net assets decreased by \$11,824 in fiscal 2008.

**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 Assets and Activities provides information about the District as a whole. The District's net assets – the difference between assets and liabilities – is a way to measure financial health or financial position.

**STATEMENT OF NET ASSETS**

Table B-1 shows all of the assets and liabilities of the District and is presented on the accrual basis. The total net assets as of September 30, 2008 are \$379,067. None of the District's net assets are reserved and therefore, are available for operation of the District.

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

	2008	2007
Current Assets	\$ 385,183	\$ 396,399
Capital Assets (Net of Accumulated Depreciation)	-	-
<b>Total Assets</b>	<b>385,183</b>	<b>396,399</b>
Current Liabilities	6,116	(5,508)
Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>6,116</b>	<b>(5,508)</b>
Invested in Capital Assets: (Net of Related Debt)	-	-
Unrestricted Assets	379,067	390,891
<b>Total Net Assets</b>	<b>\$ 379,067</b>	<b>\$ 390,891</b>

**STATEMENT OF ACTIVITIES**

Table B-2 shows all of the expenses and revenues of the District for fiscal 2008 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 Assets

	2008	2007
Program Revenues	\$ -	\$ -
General Revenues	634,377	654,817
<b>Total Revenues</b>	<b>634,377</b>	<b>654,817</b>
Total Expenses	323,217	257,357
Transfers to Primary Government	322,984	325,597
<b>Total Expenses</b>	<b>646,201</b>	<b>582,954</b>
Change in Net Assets	\$ (11,824)	\$ 71,863

## **Balance Sheet**

The Balance Sheet shows the assets, liabilities and reserves 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.

## **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 ASSETS  
 SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Temporary Investments	\$ 287,312	\$ 293,525
Accounts Receivable - State	97,871	102,874
<i>Total Current Assets</i>	385,183	396,399
 <b>TOTAL ASSETS</b>	<b>\$ 385,183</b>	<b>\$ 396,399</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities:</i>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 4,044	\$ -
Accrued Expenses	2,072	5,508
<i>Total Current Liabilities</i>	6,116	5,508
 <i>Net Assets:</i>		
Unrestricted Net Assets	379,067	390,891
<i>Total Net Assets</i>	379,067	390,891
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 385,183</b>	<b>\$ 396,399</b>



CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>EXPENSES</b>		
<i>Public Safety:</i>		
Personnel	\$ 234,778	\$ 197,390
Administrative Costs	4,807	4,352
Facilities	62,321	49,241
Capital Outlay	21,311	6,374
<b>TOTAL EXPENSES</b>	<b>323,217</b>	<b>257,357</b>
 <b>REVENUES</b>		
<i>Program Revenues:</i>		
Charges for Services	-	-
<i>Total Program Revenues</i>	-	-
 <i>Net Governmental Activities</i>	<b>(323,217)</b>	<b>(257,357)</b>
 <i>General Revenues:</i>		
Nonproperty Taxes	619,823	640,967
Interest & Miscellaneous Revenues	14,554	13,850
<i>Total General Revenues</i>	<b>634,377</b>	<b>654,817</b>
 <i>Transfers to Primary Government</i>	<b>(322,984)</b>	<b>(325,597)</b>
 <i>Change in Net Assets</i>	<b>(11,824)</b>	71,863
 <b>BEGINNING NET ASSETS</b>	<b>390,891</b>	319,028
 <b>ENDING NET ASSETS</b>	<b>\$ 379,067</b>	<b>\$ 390,891</b>

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
BALANCE SHEETS  
SEPTEMBER 30, 2008 AND 2007

	2008	2007
<b>ASSETS</b>		
Cash and Temporary Investments	\$ 287,312	\$ 293,525
Accounts Receivable - State	97,871	102,874
<b>TOTAL ASSETS</b>	<b>\$ 385,183</b>	<b>\$ 396,399</b>
 <b>LIABILITIES, FUND EQUITY &amp; OTHER CREDITS</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 4,044	\$ -
Accrued Expenses	2,072	5,508
<i>Total Liabilities</i>	<b>6,116</b>	<b>5,508</b>
 <i>Fund Balance:</i>		
Unreserved/Undesignated	379,067	390,891
<i>Total Fund Balance</i>	<b>379,067</b>	<b>390,891</b>
 <b>TOTAL LIABILITIES, FUND EQUITY &amp; OTHER CREDITS</b>	<b>\$ 385,183</b>	<b>\$ 396,399</b>
 <b>RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS:</b>		
<b>TOTAL FUND BALANCES</b>	\$ 385,183	\$ 396,399
Reconciling Items:		
None	-	-
 <b>TOTAL NET ASSETS</b>	<b>\$ 385,183</b>	<b>\$ 396,399</b>

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<b>2008</b>	2007
<b>REVENUES</b>		
Taxes	\$ 619,823	\$ 640,967
Interest	8,863	13,313
Miscellaneous Income	5,691	537
<b>TOTAL REVENUES</b>	<b>634,377</b>	654,817
 <b>EXPENDITURES</b>		
<i>Public Safety:</i>		
Personnel	234,778	197,390
Administrative Costs	4,807	4,352
Facilities Operating	62,321	49,241
Capital Outlay	21,311	6,374
<b>TOTAL EXPENDITURES</b>	<b>323,217</b>	257,357
 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>311,160</b>	397,460
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfer (Out) to Primary Government	(322,984)	(325,597)
<b>TOTAL OTHER FINANCING SOURCES USES</b>	<b>(322,984)</b>	(325,597)
 <b>Net Change in Fund Balance</b>	<b>(11,824)</b>	71,863
 <b>Fund Balance at Beginning of Year</b>	<b>390,891</b>	319,028
 <b>Fund Balance at End of Year</b>	<b>\$ 379,067</b>	\$ 390,891
 <b>RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES</b>		
<b>NET CHANGE IN FUND BALANCE</b>	\$ (11,824)	\$ 71,863
Reconciling Items:		
None	-	-
 <b>CHANGE IN NET ASSETS</b>	<b>\$ (11,824)</b>	\$ 71,863

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007

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

For the fiscal year ended September 30, 2004, the District adopted GASB Statement Number 34. Statement No. 34 mandates government-wide financial statements of net assets 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 Cash Equivalents

Cash and temporary investments include cash deposits and investments with a maturity date within three (3) months of the date acquired by the District.

CITY OF BALCONES HEIGHTS CRIME CONTROL AND PREVENTION DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008 AND 2007

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. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the statement of net assets. Long-term liabilities, and related accrued interest payable, are recognized as a liability on the governmental fund financial statement (balance sheet) when due.

7. Fund Balance Reserves

The unreserved fund balance represents the amount available for budgeting future operations. The reserved fund balance represents that portion of fund equity not appropriate for expenditure or legally segregated for a specific future use.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested 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, 2008 and 2007, the District had no capital assets or related debt.

9. 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 -- CASH AND INVESTMENTS

As of September 30, 2008 and 2007, the carrying amount of the District’s cash on hand and deposits with financial institutions was \$287,312 and \$293,525, respectively, and the bank balance was the same. 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, 2008 AND 2007

NOTE C -- 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, 2008 and 2007, \$1,395,000 and \$1,590,000 (respectively) of the Certificates of Obligation remained outstanding.

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, 2008  
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2007)

	Budgeted Amounts		Actual 2008	Variance from Final	Actual 2007
	Original	Final		Favorable (Unfavorable)	
<b>REVENUES</b>					
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
<b>TOTAL REVENUES</b>	636,500	636,500	634,377	(2,123)	654,817
<b>EXPENDITURES</b>					
Public Safety:					
Personnel	223,577	235,955	234,778	1,177	197,390
Administrative	8,221	6,269	4,807	1,462	4,352
Facilities Operating	62,000	59,400	62,321	(2,921)	49,241
Capital Outlay	5,260	21,810	21,311	499	6,374
<b>TOTAL EXPENDITURES</b>	299,058	323,434	323,217	217	257,357
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	337,442	313,066	311,160	(1,906)	397,460
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer (Out) to Primary Government	(337,442)	(323,067)	(322,984)	83	(325,597)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(337,442)	(323,067)	(322,984)	83	(325,597)
<b>Net Change in Fund Balance</b>	-	(10,001)	(11,824)	(1,823)	71,863
<b>Fund Balance at Beginning of Year</b>	390,891	390,891	390,891	-	319,028
<b>Fund Balance at End of Year</b>	\$ 390,891	\$ 380,890	\$ 379,067	\$ (1,823)	\$ 390,891