

CITY OF HELOTES, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2012**

CITY OF HELOTES, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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CITY OF HELOTES, TEXAS

PRINCIPAL OFFICERS

CITY OFFICIALS

MAYOR	THOMAS A. SCHOOLCRAFT
MAYOR PRO-TEM	EDWARD VILLANUEVA
CITY COUNCIL	ALEX BLUE
	BERT BUYS
	CYNTHIA MASSEY
	PAUL FRIEDRICHS
CITY ADMINISTRATOR	RICK A. SCHRODER
ATTORNEY	DAVIDSON, TROILO, REAM & GARZA P.C.
AUDITOR	ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.



SHAREHOLDERS:

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



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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Helotes, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Helotes, Texas, as of and for the year ended September 30, 2012, 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 Helotes, 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, business-type activities, each major fund and the aggregate remaining fund information of the City of Helotes, Texas, as of September 30, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and analysis of funding progress on pages 3 through 9 and 42 through 49 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Helotes, Texas' financial statements as a whole. The comparative statements and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements. The comparative statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

January 25, 2013



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of The City of Helotes' annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

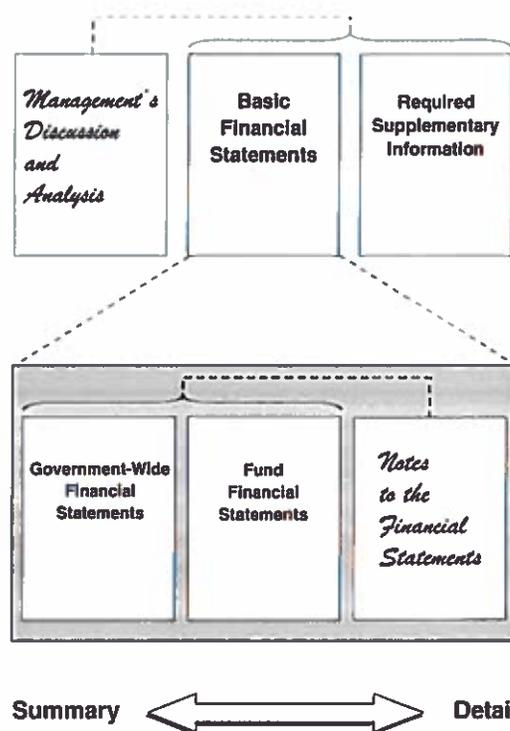
- The City's total combined net assets were \$5,334,063 at September 30, 2012.
- During the year, the City's governmental activities expenses increased 2% but were \$133,089 less than the \$5,097,447 generated in taxes and other revenues for governmental activities. In anticipation of this deficit, the City Council budgeted within its fiscal year ended September 30, 2012 General Fund Budget approximately \$354,000 in miscellaneous revenue originating from General Fund reserves to cover said deficit.
- During the year, the City's two business-type activities (Dispatch and Emergency Medical Services) expenses increased 37% and exceeded their revenues by \$575,679. As aforementioned, approximately \$354,000 was budgeted as miscellaneous revenue originating from General Fund reserves to cover business-type activities in FY 2012. Moreover, the City Council budgeted significantly less expenditures than revenues within the FY 2012 General Fund budget to cover said deficits within the Dispatch and Emergency Medical Services activities.
- The City's total governmental expenditures decreased approximately 9% from the prior year. The General Fund's operating expenditures increased by 2%.
- The general fund reported a fund balance this year of \$2,587,951.

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-term* and *long-term* financial information about the activities the government operates *like businesses*.

Figure A-1, Required Components of the District'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-1 shows how the required parts of this annual report are arranged and related to one another.

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.

Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
Scope	Entire City's government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private business Dispatch and Emergency Medical
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses & changes in net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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, short-term and long-term
Type of inflow/outflow information	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 the year, regardless of when cash is received or paid

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 the police department, fire department and city administration) and *Business-type activities* (services designed to generate sufficient revenues to cover associated costs: dispatch and emergency medical services). Property taxes, sales taxes, franchise fees, municipal court fines, and permits finance most of the *Governmental activities* while charges for services finance most of the *Business-type activities*.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

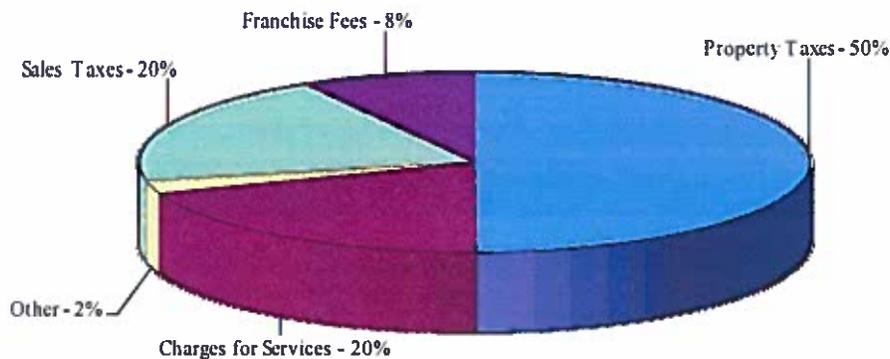
Net Assets. The City's combined net assets were \$5,334,063 at September 30, 2012. (See Table A-1). The \$2,232,862 of unrestricted net assets represents resources available to fund the programs of the City next year.

Table A-1
City of Helotes Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2012-2011
	2012	2011	2012	2011	2012	2011	
Current assets:							
Cash and Cash Equivalents	\$ 1,204	\$ 2,505	\$ 222	\$ 59	\$ 1,426	\$ 2,564	-44.4%
Other Current Assets	2,453	986	(1,066)	(391)	1,387	595	133.1%
Other Assets	69	74	-	-	69	74	-6.8%
Capital Assets	11,606	12,162	451	511	12,057	12,673	-4.9%
Total Assets	15,332	15,727	(393)	179	14,939	15,906	-6.1%
Current Liabilities	491	546	34	29	525	575	-8.7%
Non-Current Liabilities:							
Due within One Year	567	524	-	-	567	524	8.2%
Due in more than One Year	8,513	9,029	-	-	8,513	9,029	-5.7%
Total Liabilities	9,571	10,099	34	29	9,605	10,128	-5.2%
Net Assets:							
Invested in capital assets	2,526	2,610	451	511	2,977	3,121	-4.6%
Restricted	125	110	-	-	125	110	13.6%
Unrestricted	3,110	2,908	(878)	(361)	2,232	2,547	-12.4%
Total Net Assets	\$ 5,761	\$ 5,628	\$ (427)	\$ 150	\$ 5,334	\$ 5,778	-7.7%

Changes in Net Assets. The City's total revenues were \$5,281,591. A significant portion, 70%, of the City's revenue comes from property and sales taxes, while 20% relates to charges for services (See Figure A-3).

Figure A-3 City of Helotes
Revenue Sources for Fiscal Year 2012



The total cost of all programs and services was \$5,724,181. 47% of these costs are for Police and Fire Protection.

Table A-2
Changes in City of Helotes' Net Assets
(In thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2011	2012	2011	2012	2011	2012-2011
Primary Government:							
City Council	\$ 2	\$ 2	\$ -	\$ -	\$ 2	\$ 2	0.0%
City Administration	777	680	-	-	777	680	14.3%
City Secretary	93	95	-	-	93	95	-2.5%
Human Resources	13	13	-	-	13	13	2.5%
Municipal Court	273	246	-	-	273	246	10.9%
Animal Control, Public Works	418	390	-	-	418	390	7.2%
Development Services	52	54	-	-	52	54	-4.4%
Building and Grounds	297	360	-	-	297	360	-17.5%
Police Department	1,546	1,505	-	-	1,546	1,505	2.7%
Fire Department	1,121	1,157	-	-	1,121	1,157	-3.1%
Interest and Fiscal Charges on LT Debt	373	384	-	-	373	384	-2.9%
Dispatch	-	-	320	273	320	273	17.1%
Emergency Medical Services	-	-	440	282	440	282	56.1%
Total Governmental Activities	4,964	4,886	760	555	5,724	5,441	5.2%
Program Revenues:							
Charges for Services	845	754	184	136	1,029	890	15.6%
Operating Grants & Contributions	11	7	-	-	11	7	51.3%
Capital Grants & Contributions	-	416	-	-	-	416	-100.0%
General Revenues:							
General Property Tax	2,635	2,626	-	-	2,635	2,626	0.4%
Sales Taxes	1,055	971	-	-	1,055	971	8.6%
Franchise Taxes	443	455	-	-	443	455	-2.7%
Investment Earnings	8	21	-	-	8	21	-59.6%
Miscellaneous	101	54	-	-	101	54	86.5%
Transfers	-	(567)	-	567	-	-	0.0%
Total Revenues and Transfers	5,097	4,737	184	703	5,282	5,440	-2.9%
Change in Net Assets	133	(149)	(576)	148	(443)	(1)	44163.8%
Net Assets at Beginning of Year	5,629	5,778	148	-	5,777	5,778	0.0%
Net Assets of Year End	<u>\$ 5,762</u>	<u>\$ 5,629</u>	<u>\$ (428)</u>	<u>\$ 148</u>	<u>\$ 5,334</u>	<u>\$ 5,777</u>	-7.7%

Governmental Activities

- Property tax rates decreased by 0.003651 per \$100 of valuation, however, property tax revenues increased by \$9,155 due to increase in assessed valuations.

Table A-3 presents the cost of each of the City's functions, as well as each function's net cost (total cost less fees generated by the activities). The net cost reflects what revenues funded.

- The cost of all *governmental* activities this year was \$4,964,358.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$2,635,240 (53%).
- 17% of the cost, \$844,954, was paid by those who directly benefited from the programs and activities.

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

	Total Cost of Services			Net Cost of Services		
	2012	2011	% Change	2012	2011	% Change
<i>Governmental</i>						
City Council	\$ 2	\$ 2	0.0%	\$ 2	\$ 2	-2.4%
City Administration	777	680	14.3%	777	680	14.3%
City Secretary	93	95	-2.5%	93	95	-2.5%
Human Resources	13	13	100.0%	13	13	2.5%
Municipal Court	273	246	10.9%	(91)	(57)	59.9%
Animal Control, PW	418	390	7.2%	415	385	7.7%
Development Services	52	54	-4.4%	(301)	(217)	38.9%
Building and Grounds	297	360	-17.5%	297	344	-13.7%
Police Department	1,546	1,505	2.7%	1,487	1,414	5.2%
Fire Department	1,121	1,157	-3.1%	1,044	666	56.8%
<i>Business-Type</i>						
Dispatch	320	273	100.0%	251	219	14.6%
Emergency Medical	440	282	100.0%	325	199	63.2%

Business-Type Activities

The City began two activities in the prior year: Dispatch and Emergency Medical Services. The City plans to generate enough charges for services from these activities to cover their operating costs. The two activities have borrowed money from the General fund to cover the initial costs. During the second year of operations, expenses exceeded revenues for these programs by \$575,679.

As aforementioned, approximately \$354,000 was budgeted as miscellaneous revenue originating from General Fund reserves to cover business-type activities for the year ended September 30, 2012. Moreover, the City Council budgeted significantly less expenditures than revenues within the fiscal year ended September 30, 2012 General Fund budget to cover said deficits within the Dispatch and Emergency Medical Services 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 at the bottom of the governmental funds statement, or on the subsequent page, that explain 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’S FUNDS

Revenues from governmental fund types totaled \$5,101,695, a decrease of 4% over the prior year. The decrease is primarily due to capital grants received in the prior year to purchase new fire and brush trucks.

General Fund Budgetary Highlights

Actual revenues fell short of the budget by \$45,702, and actual expenditures were over budget by \$189,344. The budget was amended during the year to increase expenditures that were expected to be covered by an increase in estimated revenues. Nevertheless, General Fund revenues for the fiscal year ended September 30, 2012 exceeded expenditures by \$256,953 resulting in an increase in the General Fund balance. In all, the General Fund balance increased approximately \$329,000 for the fiscal year ended September 30, 2012, from \$2.259 million to \$2.588 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At the end of 2012, the City had invested \$22,048,150 in a broad range of capital assets, including land, buildings, vehicles, equipment, and infrastructure (see table A-4). This amount less accumulated depreciation results in a net capital asset value of \$12,056,444.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2012-2011
	2012	2011	2012	2011	2012	2011	
Land	\$ 1,561	\$ 1,561	\$ -	\$ -	\$ 1,561	\$ 1,561	0.0%
Buildings and Improvements	6,768	6,748	-	-	6,768	6,748	0.3%
Vehicles and Equipment	2,302	2,373	581	581	2,884	2,954	-2.4%
Infrastructure	10,835	10,835	-	-	10,835	10,835	0.0%
Totals at historical cost	21,467	21,517	581	581	22,048	22,098	-0.2%
Total accumulated depreciation	(9,861)	(9,355)	(131)	(71)	(9,992)	(9,426)	6.0%
Net Capital Assets	<u>\$ 11,606</u>	<u>\$ 12,162</u>	<u>\$ 451</u>	<u>\$ 510</u>	<u>\$ 12,056</u>	<u>\$ 12,672</u>	-4.9%

Long Term Debt. At year-end the City had \$8,975,000 in bonds 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
	2012	2011	2012	2011	2012	2011	2012-2011
	Bonds Payable	\$ 8,975	\$ 9,475	\$ -	\$ -	\$ 8,975	\$ 9,475
Total Bonded Debt	\$ 8,975	\$ 9,475	\$ -	\$ -	\$ 8,975	\$ 9,475	-5.3%

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City adopted an ad valorem tax rate of 0.355000 per \$100 of valuation for the FYE 2013 general fund budget, a decrease of 0.005000 per \$100 of valuation in FYE 2012. As sales tax revenues continue to rise, this slight decrease in the ad valorem tax rate resulted in a nominal reduction in total ad valorem collections; however, the City Council believed the decrease to be a positive step in its attempt to balance sales and property tax collections.

General operating fund expenditures decreased in the FYE 2013 budget from \$3.924 million in FYE 2012 to \$4.088 million. The City continues to operate stand-alone Dispatch and Emergency Medical Service Departments. Currently, the City provides one third-party agency with dispatch services and remains committed to recruiting additional third-party agencies to make the Dispatch Department as cost-neutral to the City as possible. Further, the City is encouraged by the fact that stand-alone emergency medical services will continue to cost less than originally proposed by the City of San Antonio for the same service.

Lastly, total budgeted revenues for FYE 2013 are expected to exceed budgeted FYE 2012 revenues by approximately \$335,000, from \$4.413 million in 2012 to \$4.748 million in 2013. This increase is primarily due to higher sales tax collections and increasing franchise fees related to a growing population and business community.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to demonstrate the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City’s Finance Department, at the City of Helotes, P.O. Box 507, Helotes, Texas, 78023.

CITY OF HELOTES
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2012

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 HELOTES, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and Equivalents	\$ 1,203,698	\$ 222,566	\$ 1,426,264
Certificates of Deposit	980,090	-	980,090
Receivables (Net of Allowances for Uncollectibles)			
Property Taxes	40,380	-	40,380
Other Receivables	322,212	45,032	367,244
Internal Balances	1,111,277	(1,111,277)	-
Deferred Bond Issuance Costs	69,024	-	69,024
Capital Assets:			
Land	1,561,140	-	1,561,140
Buildings	6,768,045	-	6,768,045
Vehicles & Equipment	2,302,389	581,398	2,883,787
Infrastructure	10,835,178	-	10,835,178
Accumulated Depreciation	(9,861,053)	(130,653)	(9,991,706)
TOTAL ASSETS	<u>\$ 15,332,380</u>	<u>\$ (392,934)</u>	<u>\$ 14,939,446</u>

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF NET ASSETS (CONTINUED)
SEPTEMBER 30, 2012

LIABILITIES AND NET ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<i>Liabilities:</i>			
Accounts Payable	\$ 73,059	\$ 2,232	\$ 75,291
Accrued Liabilities	61,857	9,756	71,613
Accrued Compensated Absences	174,696	22,089	196,785
Accrued Interest Payable	61,730	-	61,730
Deferred/Unearned Revenue	119,977	-	119,977
<i>Noncurrent Liabilities:</i>			
Due within One Year	566,904	-	566,904
Due in More than One Year	8,513,083	-	8,513,083
TOTAL LIABILITIES	9,571,306	34,077	9,605,383
<i>Net Assets:</i>			
Invested in Capital Assets, Net of Related Debt	2,525,712	450,745	2,976,457
Restricted for:			
Debt Service	33,355	-	33,355
Police, Municipal Court and School Crossing	55,499	-	55,499
PEG Capital Fees	35,890	-	35,890
Unrestricted (Deficit)	3,110,618	(877,756)	2,232,862
TOTAL NET ASSETS	5,761,074	(427,011)	5,334,063
 TOTAL LIABILITIES & NET ASSETS	 \$ 15,332,380	 \$ (392,934)	 \$ 14,939,446

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government:			
<i>Governmental Activities:</i>			
City Council	\$ 1,952	\$ -	\$ -
City Administration	777,467	-	-
City Secretary	92,634	-	-
Human Resources	13,321	-	-
Municipal Court	272,767	363,923	-
Animal Control, Public Works	417,889	3,150	-
Development Services	51,626	353,095	-
Buildings and Grounds	297,025	-	-
Police Department	1,545,810	48,091	10,594
Fire Department	1,120,975	76,695	-
Interest and Fiscal Fees on Long-term Debt	372,892	-	-
<i>Total Governmental Activities</i>	<u>4,964,358</u>	<u>844,954</u>	<u>10,594</u>
<i>Business-Type Activities:</i>			
Dispatch	319,658	68,729	-
Emergency Medical Services	440,165	115,415	-
<i>Total Business-Type Activities:</i>	<u>759,823</u>	<u>184,144</u>	<u>-</u>
Total Primary Government	<u><u>\$ 5,724,181</u></u>	<u><u>\$ 1,029,098</u></u>	<u><u>\$ 10,594</u></u>
General Revenues:			
Taxes:			
General Property Taxes			
Sales Taxes			
Franchise Taxes			
Interest and Investment Earnings			
Miscellaneous			
Total General Revenues			
Change in Net Assets			
Net Assets at Beginning of Year			
Net Assets (Deficit) at End of Year			

See accompanying notes to basic financial statements.

Net Revenue (Expense)

Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,952)	\$ -	\$ (1,952)
(777,467)	-	(777,467)
(92,634)	-	(92,634)
(13,321)	-	(13,321)
91,156	-	91,156
(414,739)	-	(414,739)
301,469	-	301,469
(297,025)	-	(297,025)
(1,487,125)	-	(1,487,125)
(1,044,280)	-	(1,044,280)
(372,892)	-	(372,892)
<u>(4,108,810)</u>	<u>-</u>	<u>(4,108,810)</u>
-	(250,929)	(250,929)
-	(324,750)	(324,750)
<u>-</u>	<u>(575,679)</u>	<u>(575,679)</u>
2,635,240	-	2,635,240
1,054,778	-	1,054,778
442,683	-	442,683
8,488	-	8,488
100,710	-	100,710
<u>4,241,899</u>	<u>-</u>	<u>4,241,899</u>
133,089	(575,679)	(442,590)
5,627,985	148,668	5,776,653
<u>\$ 5,761,074</u>	<u>\$ (427,011)</u>	<u>\$ 5,334,063</u>

CITY OF HELOTES, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Major Funds		
	General Fund	Economic Development Corporation	Debt Service Fund
ASSETS			
Cash and Equivalents	\$ 855,100	\$ 93,836	\$ 86,408
Certificates of Deposit	490,051	490,039	-
Receivables:			
Property Taxes (Net of Uncollectibles)	31,703	-	8,677
Sales Tax and Other Receivable	258,196	64,016	-
Due from Other Funds	1,228,264	-	-
TOTAL ASSETS	\$ 2,863,314	\$ 647,891	\$ 95,085
LIABILITIES AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 70,332	\$ 225	\$ -
Accrued Liabilities	56,090	5,767	-
Deferred Revenue - Taxes	28,964	-	7,927
Deferred Revenue - Lease	119,977	-	-
Due to Other Funds	-	116,987	-
TOTAL LIABILITIES	275,363	122,979	7,927
<i>Fund Balances:</i>			
Restricted for:			
Court Technology and Security	26,167	-	-
School Crossing	23,450	-	-
Police Department	5,882	-	-
PEG Capital Fees	35,890	-	-
Economic Development Corporation	-	524,912	-
Debt Service	-	-	87,158
Committed for:			
Capital Projects	-	-	-
Unassigned	2,496,562	-	-
TOTAL FUND BALANCES	2,587,951	524,912	87,158
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,863,314	\$ 647,891	\$ 95,085

See accompanying notes to basic financial statements.

<u>Nonmajor Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 168,354	\$ 1,203,698
-	980,090
-	40,380
-	322,212
-	1,228,264
<u>\$ 168,354</u>	<u>\$ 3,774,644</u>
\$ 2,502	\$ 73,059
-	61,857
-	36,891
-	119,977
-	116,987
<u>2,502</u>	<u>408,771</u>
-	26,167
-	23,450
-	5,882
-	35,890
-	524,912
-	87,158
165,852	165,852
-	2,496,562
<u>165,852</u>	<u>3,365,873</u>
<u>\$ 168,354</u>	<u>\$ 3,774,644</u>



CITY OF HELOTES, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 3,365,873
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 governmental funds.	11,605,699
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	36,891
Deferred charges, consisting of debt issue costs, are amortized over the life of the bond in the governmental activities, but were recognized in full in the governmental funds	69,024
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the governmental funds.	(174,696)
Long-term liabilities, including bonds and capital leases are not due and payable in the current period and, therefore, not reported in the governmental funds.	(9,079,987)
Accrued interest payable on long-term bonds are not due and payable in the current period and, therefore, not reported in the governmental funds.	<u>(61,730)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u>\$ 5,761,074</u>

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Major Funds		
	General Fund	Economic Development Corporation	Debt Service Fund
REVENUES			
Taxes	\$ 2,780,870	\$ 344,590	\$ 568,235
Franchise Fees	442,683	-	-
Licenses and Permits	356,245	-	-
Municipal Court	412,014	-	-
Fire Department Interlocal Agreement	76,695	-	-
Interest	6,073	1,664	291
Miscellaneous	103,558	-	-
TOTAL REVENUES	<u>4,178,138</u>	<u>346,254</u>	<u>568,526</u>
EXPENDITURES			
Current:			
City Council	1,952	-	-
City Administration	602,384	121,402	-
City Secretary	93,323	-	-
Human Resources	13,321	-	-
Municipal Court	263,797	-	-
Animal Control, Public Works	189,702	-	-
Development Services	53,011	-	-
Building and Grounds	242,912	-	-
Police Department	1,361,029	-	-
Fire Department	926,726	-	-
Capital Outlay	124,458	-	-
Debt Service:			
Principal	43,882	-	500,000
Interest and Fiscal Charges	4,688	-	364,746
TOTAL EXPENDITURES	<u>3,921,185</u>	<u>121,402</u>	<u>864,746</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>256,953</u>	<u>224,852</u>	<u>(296,220)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Capital Lease	72,018	-	-
Transfers In (Out)	-	(289,701)	289,701
TOTAL OTHER FINANCING SOURCES (USES)	<u>72,018</u>	<u>(289,701)</u>	<u>289,701</u>
Net Change in Fund Balance	328,971	(64,849)	(6,519)
FUND BALANCES - OCTOBER 1	<u>2,258,980</u>	<u>589,761</u>	<u>93,677</u>
FUND BALANCES - SEPTEMBER 30	<u>\$ 2,587,951</u>	<u>\$ 524,912</u>	<u>\$ 87,158</u>

See accompanying notes to basic financial statements.

<u>Nonmajor Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 3,693,695
-	442,683
-	356,245
-	412,014
-	76,695
460	8,488
<u>8,317</u>	<u>111,875</u>
<u>8,777</u>	<u>5,101,695</u>
-	1,952
-	723,786
-	93,323
-	13,321
-	263,797
-	189,702
-	53,011
-	242,912
-	1,361,029
-	926,726
39,924	164,382
-	543,882
-	369,434
<u>39,924</u>	<u>4,947,257</u>
<u>(31,147)</u>	<u>154,438</u>
-	72,018
-	-
<u>-</u>	<u>72,018</u>
(31,147)	226,456
<u>196,999</u>	<u>3,139,417</u>
<u>\$ 165,852</u>	<u>\$ 3,365,873</u>



CITY OF HELOTES, 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, 2012

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	226,456
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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 depreciation exceeded capital outlay.</p>		(555,321)
<p>Governmental funds report the proceeds on the sale of capital assets without regard to the remaining net book value of these capital assets. On the statement of activities, these proceeds are reduced by the net book value of the capital assets disposed or transferred to business-type activities.</p>		(570)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		(3,677)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		.
Principal Repayments on Bonds & Leases Payable		543,883
Proceeds from Capital Lease		(72,018)
Amortization of Bond Issuance Cost		(4,788)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences		(2,206)
Accrued Interest		1,330
		1,330
CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES	\$	133,089

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	<u>Dispatch Fund</u>	<u>Emergency Medical Services</u>	<u>Total Enterprise Funds</u>
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 108,744	\$ 113,822	\$ 222,566
Receivables:			
Charges for Services (net)	4,152	40,880	45,032
<i>Total Current Assets</i>	<u>112,896</u>	<u>154,702</u>	<u>267,598</u>
Capital Assets (net)	<u>314,444</u>	<u>136,301</u>	<u>450,745</u>
TOTAL ASSETS	<u><u>\$ 427,340</u></u>	<u><u>\$ 291,003</u></u>	<u><u>\$ 718,343</u></u>
LIABILITIES AND NET ASSETS			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 255	\$ 1,977	\$ 2,232
Accrued Liabilities	4,432	5,324	9,756
Accrued Compensated Absences	2,807	19,282	22,089
Due to Other Funds	493,592	617,685	1,111,277
TOTAL LIABILITIES	<u>501,086</u>	<u>644,268</u>	<u>1,145,354</u>
<i>Net Assets:</i>			
Invested in Capital Assets	314,444	136,301	450,745
Unrestricted, (Deficit)	<u>(388,190)</u>	<u>(489,566)</u>	<u>(877,756)</u>
TOTAL NET ASSETS	<u>(73,746)</u>	<u>(353,265)</u>	<u>(427,011)</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 427,340</u></u>	<u><u>\$ 291,003</u></u>	<u><u>\$ 718,343</u></u>

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Dispatch Fund	Emergency Medical Services	Total Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ 68,729	\$ 115,415	\$ 184,144
TOTAL OPERATING REVENUES	<u>68,729</u>	<u>115,415</u>	<u>184,144</u>
OPERATING EXPENSES			
Personnel	278,389	331,846	610,235
Contractual Services	255	25,854	26,109
Supplies and Maintenance	-	43,807	43,807
Uncollectible Expense	-	19,692	19,692
Depreciation	41,014	18,925	59,939
TOTAL OPERATING EXPENSES	<u>319,658</u>	<u>440,124</u>	<u>759,782</u>
OPERATING INCOME (LOSS)	<u>(250,929)</u>	<u>(324,709)</u>	<u>(575,638)</u>
NONOPERATING REVENUE (EXPENSE)			
Interest Expense	-	(41)	(41)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>-</u>	<u>(41)</u>	<u>(41)</u>
NET INCOME (LOSS)	(250,929)	(324,750)	(575,679)
NET ASSETS (DEFICIT) - OCTOBER 1	<u>177,183</u>	<u>(28,515)</u>	<u>148,668</u>
NET ASSETS (DEFICIT) - SEPTEMBER 30	<u>\$ (73,746)</u>	<u>\$ (353,265)</u>	<u>\$ (427,011)</u>

See accompanying notes to basic financial statements.



CITY OF HELOTES, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	<u>Dispatch Fund</u>	<u>Emergency Medical Services</u>	<u>Total Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 64,994	\$ 97,274	\$ 162,268
Cash Paid to Suppliers	-	(70,035)	(70,035)
Cash Paid to Employees	<u>(278,949)</u>	<u>(326,443)</u>	<u>(605,392)</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(213,955)</u>	<u>(299,204)</u>	<u>(513,159)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Borrowing from General Fund	278,949	397,998	676,947
Interest Expense	-	(41)	(41)
NET CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>278,949</u>	<u>397,957</u>	<u>676,906</u>
NET INCREASE (DECREASE) IN CASH	64,994	98,753	163,747
BEGINNING CASH AND CASH EQUIVALENTS	<u>43,750</u>	<u>15,069</u>	<u>58,819</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 108,744</u>	<u>\$ 113,822</u>	<u>\$ 222,566</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (250,929)	\$ (324,709)	\$ (575,638)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	41,014	18,925	59,939
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable (net)	(3,735)	1,551	(45,032)
Increase (Decrease) in Accounts Payable	255	(374)	2,232
Increase (Decrease) in Accrued Liabilities	391	(222)	9,756
Increase (Decrease) in Accrued Comp. Absences	<u>(951)</u>	<u>5,625</u>	<u>22,089</u>
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (213,955)</u>	<u>\$ (299,204)</u>	<u>\$ (513,159)</u>

See accompanying notes to basic financial statements.

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City 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. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Blended Component Unit

The Helotes Economic Development Corporation, a nonprofit corporation, was incorporated under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4A. The Corporation is organized exclusively for public purposes of the City of Helotes, and the City Council appoints directors of the Corporation. It receives all proceeds from assessing a .005% sales tax. For financial reporting purposes, the Corporation is reported as if it were part of the City's operations because its purpose is to benefit the citizens of the city. Separate financial statements for the Corporation may be obtained by contacting the City's Finance Department.

Discretely Presented Component Units

As of September 30, 2012, 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 information on all of the activities of the City and its component unit. 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. The primary government is reported within the government wide statements. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The city has no fiduciary funds.

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Debt Service Fund, and Economic Development Corporation meet the criteria as *major governmental funds*. All of these funds are reflected in single columns in the Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. The Dispatch and Emergency Medical Services funds are *major proprietary funds*.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year which they are levied. Major revenue types, which have been accrued, include revenue from the investments, intergovernmental revenue and charges for services. 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.

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government reports the following major governmental funds:

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, development services and capital acquisition.

Economic Development Corporation is used to account for sales tax proceeds collected to promote economic development in the City.

Debt Service Fund is used to account for resources and expenditures relating to principal and interest payments on outstanding debt.

The City has one nonmajor governmental fund for fiscal year 2012: Capital Projects Fund.

Proprietary fund level financial statements are used to account for activities 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 proprietary funds include the Dispatch and Emergency Medical Services.

The Proprietary Funds are accounted for using the accrual basis of accounting as follows:

- a. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- b. Current year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

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.

4. CASH AND EQUIVALENTS

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

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

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 and past due after the following January 31. 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.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

6. 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.

7. PREPAID ITEMS

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

8. CAPITAL ASSETS

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset 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	20 to 40 years
Vehicles and Equipment	5 to 25 years
Infrastructure	20 years
Capital Leases	10 years

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to the amount earned in two years. 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 and, accordingly, 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 proprietary fund and government-wide statements.

10. 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.

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

11. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities. On new bond issues, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond.

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

12. FUND BALANCE

Fund balances in governmental funds are classified as follows:

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

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

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. FUND BALANCE (Continued)

Committed - Represents amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council may make assignments and has chosen not to delegate that authority to any other individuals.

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

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

13. 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.

14. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds in the other financing sources and uses and of proprietary funds after the nonoperating revenues and expenses.

15. 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.

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B – CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash

At September 30, 2012, the carrying amount of the primary government's (including the blended component unit's) cash on hand was \$250, the carrying amount of deposits was \$1,424,730 and the bank balance was \$1,507,385. Of the bank balances, \$250,000 was covered by federal deposit insurance and the City's depository had pledged securities having a face value of \$2,361,154 and market value of \$2,522,640 as collateral for the City's deposits. All of the City's cash was fully collateralized.

2. Investments

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the City has adhered to the requirements of the Act.

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.

The City's investments consist of Texpool and a certificate of deposit. As of September 30, 2012, the City had \$1,284 invested at Texpool, a AAAm rated, public funds external investment pool that adheres to the Texas Public Funds Investment Act and is a 2a7-like pool. Money invested at Texpool is reported at share value, which approximates fair value. The City also invested in certificates of deposit at several local banks covered by FDIC insurance for a total of \$980,090 (\$490,039 of this balance was through the Economic Development Corporation).

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B -- CASH AND CASH INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

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

At September 30, 2012, the City's investments were all in TexPool a public funds investment pool administered by the Texas Safekeeping Trust Company of the Comptroller's office where all securities held maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service. Financial statements for TexPool are included as part of the State of Texas Comprehensive Annual Financial Report.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the City was not exposed to concentration of credit risk.

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE B – CASH AND CASH INVESTMENTS (Continued)

4. Investment Accounting Policy

The City's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

5. 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.

NOTE C – PROPERTY TAX CALENDAR

Taxes were levied on and payable as of October 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 2012, the assessed tax rate for the City was \$0.360000 per \$100 on an assessed valuation of \$731,480,649, less applicable freeze adjustments. This is split as \$0.282640 for general maintenance and operations and \$0.077360 for interest and sinking. Total tax levy for fiscal year 2012 was \$2,622,552. As of September 30, 2012, the delinquent taxes were \$43,419 with an allowance for estimated uncollectible accounts recorded for \$3,039.

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE D – RECEIVABLES

The following is a summary of the gross property taxes and charges for services receivable and the related allowances for uncollectible amounts:

	<u>Amount Receivable</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Net Receivable</u>
<i>Taxes:</i>			
General Fund	\$ 34,089	\$ 2,386	\$ 31,703
Debt Service Fund	9,330	653	8,677
<i>Charges for Services:</i>			
Dispatch Fund	4,152	-	4,152
EMS Fund	77,864	36,984	40,880

Other receivables as of September 30, 2012 for the City's individual major funds are as follows:

	<u>General</u>	<u>EDC</u>
Sales Taxes	\$ 133,469	\$ 64,016
Franchise Fees	75,826	-
Interlocal Agreement	18,750	-
Tower Lease Receivable	14,758	-
Other	15,393	-
Total Other Receivables	<u>\$ 258,196</u>	<u>\$ 64,016</u>

NOTE E – INTERFUND BALANCES

Interfund balances represent reimbursements for expenditures paid or cash received on behalf of other funds and are expected to be liquidated in the next fiscal year. Interfund balances between City funds at September 30, 2012 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Dispatch Fund	\$ 493,592	Initial Capital and reimbursement for costs
General Fund	Emergency Medical Services	617,685	Initial Capital and reimbursement for costs
General Fund	Economic Development Corporation	116,987	Reimbursement for costs
Total interfund balances		<u>\$ 1,228,264</u>	

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE F – LEASE REVENUE

The City is leasing land to Cingular Wireless for a period of 30 years for a cell phone tower. This agreement runs from September 1, 2005 through August 31, 2035. The first five years of the lease were prepaid and the remaining term is in annual installments.

The City is also leasing a parking lot to Northside Independent School District (NISD) for a term of 50 years. The entire lease was paid in advance and is being recognized over the term of the lease. The City may cancel the lease with written notice, but would be required to refund the pro-rata portion of unearned lease revenue.

Fiscal Year Ending September 30,	Minimum Future Lease Revenue		
	Tower Lease	Parking Lease	Total
2013	\$ 15,201	\$ 2,533	\$ 17,734
2014	15,657	2,533	18,190
2015	16,127	2,533	18,660
2016	16,611	2,533	19,144
2017	17,109	2,533	19,642
2018-2022	93,559	12,665	106,224
2023-2027	108,461	12,665	121,126
2028-2032	124,736	12,665	137,401
2033-2037	55,734	12,665	68,399
2038-2042	-	12,665	12,665
2043-2047	-	12,665	12,665
2048-2052	-	12,665	12,665
2053-2057	-	12,665	12,665
2058-2060	-	5,992	5,992
	<u>\$ 463,195</u>	<u>\$ 119,977</u>	<u>\$ 583,172</u>

NOTE G – PLEDGED REVENUE

The Helotes Economic Development Corporation has pledged to reimburse the City for the debt service requirements of \$4,000,000 of the 2007 Series Certificates of Obligation through an interlocal agreement. Subject to the Corporation's availability of funds, the remaining pledged revenues are as follows:

Fiscal Year Ending September 30,	Pledged Revenue
2013	\$ 293,413
2014	291,830
2015	294,953
2016	292,780
2017	295,313
2018 - 2022	1,478,263
2023 - 2027	1,492,452
	<u>\$ 4,439,004</u>

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2012, was as follows:

<u>Governmental Activities</u>	<u>Balance 10/1/2011</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2012</u>
Land	\$ 1,561,140	\$ -	\$ -	\$ 1,561,140
Buildings	6,748,045	20,000	-	6,768,045
Vehicles & Equipment	2,372,692	97,719	(168,022)	2,302,389
Infrastructure	10,835,178	-	-	10,835,178
	<u>21,517,055</u>	<u>117,719</u>	<u>(168,022)</u>	<u>21,466,752</u>
Less Accumulated Depreciation				
Buildings	(744,344)	(220,300)	-	(964,644)
Vehicles & Equipment	(1,274,552)	(236,371)	167,452	(1,343,471)
Infrastructure	(7,336,569)	(216,369)	-	(7,552,938)
	<u>(9,355,465)</u>	<u>(673,040)</u>	<u>167,452</u>	<u>(9,861,053)</u>
Governmental Capital Assets, Net	<u>\$ 12,161,590</u>	<u>\$ (555,321)</u>	<u>\$ (570)</u>	<u>\$ 11,605,699</u>

Land is not depreciated.

<u>Business-Type Activities</u>	<u>Balance 10/1/2011</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2012</u>
Vehicles and Equipment	\$ 410,144	\$ -	\$ -	\$ 410,144
Accumulated Depreciation	(54,686)	(41,014)	-	(95,700)
Dispatch Capital Assets, Net	<u>355,458</u>	<u>(41,014)</u>	<u>-</u>	<u>314,444</u>
Vehicles & Equipment	171,254	-	-	171,254
Accumulated Depreciation	(16,028)	(18,925)	-	(34,953)
EMS Capital Assets, Net	<u>155,226</u>	<u>(18,925)</u>	<u>-</u>	<u>136,301</u>
Business-Type Capital Assets, Net	<u>\$ 510,684</u>	<u>\$ (59,939)</u>	<u>\$ -</u>	<u>\$ 450,745</u>

Depreciation expense was charged to the governmental functions as follows:

City Administration	\$ 51,454
Municipal Court	5,761
Animal Control, Public Works	218,343
Building and Grounds	58,779
Police Department	143,783
Fire Department	194,920
Total Depreciation Expense - Governmental Activities	<u>\$ 673,040</u>

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE I -- LONG-TERM DEBT

Long-term debt and obligations payable at September 30, 2012, comprise the following individual issues:

Certificates of Obligation:

\$1,500,000 2002 Combination Tax and Limited-Pledge Revenue Certificates of
Obligation due in annual installments through 2017; interest at 3.75-4.35%. \$ 630,000

\$10,000,000 2007 Combination Tax and Limited-Pledge Revenue Certificates of
Obligation due in annual installments through 2027; interest at 3.93%.
The EDC has pledged to cover a portion of this debt (see note G) 8,345,000

Total Governmental Long-Term Obligations \$ 8,975,000

Changes in Long-Term Liabilities

	Balance 10/1/2011	Additions	Reductions	Balance 9/30/2012	Due Within One Year
<i>Governmental Activities</i>					
Series 2002	\$ 740,000	\$ -	\$ (110,000)	\$ 630,000	\$ 115,000
Series 2007	8,735,000	-	(390,000)	8,345,000	410,000
Total Bonded Debt	<u>9,475,000</u>	<u>-</u>	<u>(500,000)</u>	<u>8,975,000</u>	<u>525,000</u>
Capital Lease	76,852	72,018	(43,883)	104,987	41,904
Compensated Absences	172,490	2,206	-	174,696	174,696
Total Governmental Activities	<u>\$ 9,724,342</u>	<u>\$ 74,224</u>	<u>\$ (543,883)</u>	<u>\$ 9,254,683</u>	<u>\$ 741,600</u>
<i>Business-type Activities</i>					
Compensated Absences	\$ 17,415	\$ 4,674	\$ -	\$ 22,089	\$ 22,089
Total Business-Type Activities	<u>\$ 17,415</u>	<u>\$ 4,674</u>	<u>\$ -</u>	<u>\$ 22,089</u>	<u>\$ 22,089</u>

The general long-term debt bonds mature serially through 2027 as follows:

Year Ending September 30,	Principal	Interest	Total
2013	\$ 525,000	\$ 343,867	\$ 868,867
2014	545,000	322,759	867,759
2015	570,000	300,639	870,639
2016	595,000	277,370	872,370
2017	625,000	252,895	877,895
2018 - 2022	2,740,000	941,628	3,681,628
2023 - 2027	3,375,000	342,795	3,717,795
	<u>\$ 8,975,000</u>	<u>\$ 2,781,953</u>	<u>\$ 11,756,953</u>
Average Annual Debt Service Requirement			<u>\$ 783,796.87</u>

CITY OF HELOTES, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2012

NOTE I – LONG-TERM DEBT (Continued)

The City leased 5 police vehicles in April 2011. The lease calls for annual payments of \$28,805 through April 2014. The City leased two additional police vehicles in October 2011 and a code enforcement vehicle in February 2012. All of the leases have effective interest rates between 6.1% and 6.6% and have bargain purchase options of \$1 upon maturity. Future minimum lease payments are as follows:

Year Ending September 30,	Lease Payments
2013	\$ 48,570
2014	48,570
2015	19,766
	116,906
Less: Interest Amount	(11,919)
	\$ 104,987

The following is an analysis of the property under capital lease as of September 30, 2012:

Transportation & Equipment	\$ 177,676
Less: Accumulated Depreciation	(69,852)
Net Leased Property	\$ 107,824

NOTE J – DEFICIT PROPRIETARY NET ASSETS

The City started two new business-type activities in the fiscal year ending September 30, 2011: dispatch and EMS. Both activities had significant costs to begin and have borrowed money from the General Fund in their infancy. The Dispatch and EMS funds ended the year with a deficit in net assets of \$73,746 and \$353,265, respectively. The City anticipates increases in charges for services to cover costs and repay these borrowings to the General Fund and restore the net asset deficit.

NOTE K – PENSION PLAN

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), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE K – PENSION PLAN (Continued)

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

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
Employee Deposit Rate	6.00%	6.00%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation/(asset) are as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation</u>
2010	\$ 116,785	100%	-
2011	\$ 136,353	100%	-
2012	\$ 106,197	100%	-

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE K -- PENSION PLAN (Continued)

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011 also follows:

Actuarial Valuation Date	12/31/2009	12/31/2010	12/31/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	23.2 years - Closed Period	23.3 years - Closed Period	22.2 years - Closed Period
Amortization Period for new Gains/Losses	25 Years	25 Years	25 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.50%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Calendar Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funding Ratio (1)/(2)	Unfunded Actuarial Liability (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2011	\$ 2,684,888	\$ 2,930,912	91.6%	\$ 246,024	\$2,378,436	10.3%

The schedule of funding progress as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE K – PENSION PLAN (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE L – OTHER POST EMPLOYMENT BENEFIT

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

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

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

The city's contributions to the TMRS SDBF for the years ended September 30, 2012, 2011 and 2010 were \$3,201, \$3,483, and \$2,676, respectively and were equal to the required contributions each year.

NOTE M – TRANSFERS

Transfers during the year ended September 30, 2012, were as follows.

Transfers Between Governmental Funds

Transfer Out	Transfer In	Amount	Purpose
Economic Development Corp.	Debt Service	\$ 289,701	<i>pledged revenue</i>
Total Governmental Funds Transfers		\$ 289,701	

CITY OF HELOTES, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2012

NOTE N – COMMITMENTS AND CONTINGENCIES

Litigation

Management is unaware of any pending or threatened claims that may have a material effect on the City's financial position.

380 Development Agreements

The City of Helotes and the Economic Development Corporation have entered into a 380 Development agreement to encourage growth within the City. The agreement involves the City and Corporation reimbursing the project costs through refunding a portion of the sales and use taxes generated by the projects up to a maximum amount. The City is accruing an estimated sales tax rebate as of September 30, 2012 based on the sales tax collections to date in anticipation of the developer's request for payment. The terms of the agreement are as follows:

Development	Sales Tax Refund Agreement		Maximum Grant Amount	Term
	Corporation	City		
Bandera Helotes Plaza	50%	50%	\$ 300,000	10 years
Bluff at Old Town Helotes, LLC	50%	50%	\$ 2,000,000	10 years

NOTE O – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2012 were \$97,618 for property and casualty and workers compensation coverage.



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 – Economic Development Corporation
- Schedule of Funding Progress – Defined Benefit Retirement Plan

CITY OF HELOTES, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2011)

	Budget Amounts		2012	Variance	2011
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
REVENUES					
Taxes	\$ 2,807,537	\$ 2,807,538	\$ 2,780,870	\$ (26,668)	\$ 2,722,045
Franchise Fees	482,967	482,967	442,683	(40,284)	455,020
Licenses and Permits	305,181	305,181	356,245	51,064	269,821
Municipal Court	437,811	478,285	412,014	(66,271)	386,512
Fire Department	75,063	75,063	76,695	1,632	75,060
Interest	17,943	17,943	6,073	(11,870)	17,913
Miscellaneous	56,863	56,863	103,558	46,695	84,837
<i>Total Revenues</i>	<u>4,183,365</u>	<u>4,223,840</u>	<u>4,178,138</u>	<u>(45,702)</u>	<u>4,011,208</u>
EXPENDITURES					
<i>City Council:</i>					
Seminars	63	-	-	-	60
Reimbursements	1,500	1,952	1,952	-	2,160
<i>Total City Council</i>	<u>1,563</u>	<u>1,952</u>	<u>1,952</u>	<u>-</u>	<u>2,220</u>
<i>City Administration:</i>					
Personnel	239,651	239,043	241,735	(2,692)	137,252
Insurance	71,705	54,650	54,650	-	71,705
Contractual	214,927	222,147	231,345	(9,198)	277,026
Supplies and Maintenance	51,013	74,108	74,654	(546)	64,370
<i>Total City Administration</i>	<u>577,296</u>	<u>589,948</u>	<u>602,384</u>	<u>(12,436)</u>	<u>550,353</u>
<i>City Secretary:</i>					
Personnel	75,465	75,379	76,065	(686)	76,319
Contractual	12,727	16,178	16,023	155	14,367
Supplies and Maintenance	758	1,258	1,235	23	1,498
<i>Total City Secretary</i>	<u>88,950</u>	<u>92,815</u>	<u>93,323</u>	<u>(508)</u>	<u>92,184</u>
<i>Human Resources:</i>					
Personnel	13,737	13,737	13,321	416	13,358
<i>Total Human Resources</i>	<u>\$ 13,737</u>	<u>\$ 13,737</u>	<u>\$ 13,321</u>	<u>\$ 416</u>	<u>\$ 13,358</u>

CITY OF HELOTES, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2011)

	Budget Amounts		2012	Variance	2011
	Original	Final	Actual Amounts	Favorable (Unfavorable)	Actual Amounts
EXPENDITURES (CONT.)					
<i>Municipal Court:</i>					
Personnel	\$ 159,023	\$ 194,529	\$ 197,067	\$ (2,538)	\$ 198,869
Contractual	39,913	49,627	66,730	(17,103)	61,300
Capital Outlay	-	-	-	-	267
<i>Total Municipal Court</i>	<u>198,936</u>	<u>244,156</u>	<u>263,797</u>	<u>(19,641)</u>	<u>260,436</u>
<i>Animal Control, Public Works:</i>					
Personnel	94,752	111,725	114,152	(2,427)	98,101
Contractual	46,693	60,195	60,750	(555)	57,652
Supplies and Maintenance	8,500	14,037	14,800	(763)	9,166
Capital Outlay	38,500	35,689	35,689	-	4,971
<i>Total Animal Control, Public Works</i>	<u>188,445</u>	<u>221,646</u>	<u>225,391</u>	<u>(3,745)</u>	<u>169,890</u>
<i>Development Services:</i>					
Personnel	50,985	50,910	51,354	(444)	51,946
Contractual	1,600	1,675	1,657	18	29
Supplies and Maintenance	-	-	-	-	1,999
<i>Total Development Services</i>	<u>52,585</u>	<u>52,585</u>	<u>53,011</u>	<u>(426)</u>	<u>53,974</u>
<i>Buildings and Grounds:</i>					
Contractual	100,580	72,896	77,705	(4,809)	112,387
Supplies and Maintenance	2,500	1,443	1,443	-	3,079
Community Events	35,000	68,095	72,522	(4,427)	40,420
Utilities	85,596	91,242	91,242	-	90,087
Capital Outlay	-	-	4,902	(4,902)	4,780
<i>Total Buildings and Grounds</i>	<u>223,676</u>	<u>233,676</u>	<u>247,814</u>	<u>(14,138)</u>	<u>250,753</u>
<i>Police Department:</i>					
Personnel	1,112,045	1,111,536	1,162,555	(51,019)	1,164,434
Contractual	51,088	46,964	51,901	(4,937)	63,761
Supplies and Maintenance	131,043	130,838	146,573	(15,735)	130,839
Capital Outlay	37,622	83,867	83,867	-	116,507
<i>Total Police Department</i>	<u>\$ 1,331,798</u>	<u>\$ 1,373,205</u>	<u>\$ 1,444,896</u>	<u>\$ (71,691)</u>	<u>\$ 1,475,541</u>

CITY OF HELOTES, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2012
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2011)

	Budget Amounts		2012 Actual Amounts	Variance Favorable (Unfavorable)	2011 Actual Amounts
	Original	Final			
EXPENDITURES (CONT.)					
<i>Fire Department:</i>					
Personnel	\$ 851,962	\$ 833,893	\$ 832,484	\$ 1,409	\$ 822,741
Contractual	14,370	17,270	17,153	117	5,467
Supplies and Maintenance	90,090	80,406	77,089	3,317	113,411
<i>Total Fire Department</i>	<u>956,422</u>	<u>931,569</u>	<u>926,726</u>	<u>4,843</u>	<u>941,619</u>
<i>Debt Service:</i>					
Principal	24,117	43,882	43,882	-	28,805
Interest and Fiscal Charges	4,688	4,688	4,688	-	-
<i>Total Debt Service</i>	<u>28,805</u>	<u>48,570</u>	<u>48,570</u>	<u>-</u>	<u>28,805</u>
TOTAL EXPENDITURES	<u>3,662,213</u>	<u>3,803,859</u>	<u>3,921,185</u>	<u>(117,326)</u>	<u>3,839,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>521,152</u>	<u>419,981</u>	<u>256,953</u>	<u>(163,028)</u>	<u>172,075</u>
Other Financing Sources (Uses)					
Lease Proceeds	-	72,018	72,018	-	105,657
Transfers In (Out)	-	-	-	-	(255,635)
Total Other Financing Sources (Uses)	<u>-</u>	<u>72,018</u>	<u>72,018</u>	<u>-</u>	<u>(149,978)</u>
Net Change in Fund Balance	521,152	491,999	328,971	(163,028)	22,097
BEGINNING FUND BALANCE	<u>2,258,980</u>	<u>2,258,980</u>	<u>2,258,980</u>	<u>-</u>	<u>2,236,883</u>
ENDING FUND BALANCE	<u>\$ 2,780,132</u>	<u>\$ 2,750,979</u>	<u>\$ 2,587,951</u>	<u>\$ (163,028)</u>	<u>\$ 2,258,980</u>

CITY OF HELOTES, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2012
(WITH COMPARATIVE ACTUAL TOTALS FOR 2011)

	Budgeted Amounts		2012 Actual Amounts	Variance Favorable (Unfavorable)	2011 Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 332,697	\$ 332,697	\$ 344,590	\$ 11,893	\$ 316,083
Interest	981	981	1,664	683	1,172
TOTAL REVENUES	333,678	333,678	346,254	12,576	317,255
EXPENDITURES					
Personnel Costs	55,112	55,112	55,454	(342)	50,587
Professional Services	9,650	10,221	10,306	(85)	12,546
City Administration Cost	8,000	8,000	8,000	-	8,000
Training and Seminars	2,215	2,737	2,757	(20)	2,145
Office Supplies and Expenses	757	2,874	2,832	42	765
Insurance	1,000	960	960	-	-
Other Expenses	50,250	47,080	41,093	5,987	314
TOTAL EXPENDITURES	126,984	126,984	121,402	5,582	74,357
Excess (Deficiency) of Revenues Over (Under) Expenditures	206,694	206,694	224,852	18,158	242,898
OTHER FINANCING SOURCES (USES)					
Transfer In (Out) to Primary Government	(289,701)	(289,701)	(289,701)	-	(240,694)
TOTAL OTHER FINANCING SOURCES (USES)	(289,701)	(289,701)	(289,701)	-	(240,694)
Net Change in Fund Balance	(83,007)	(83,007)	(64,849)	18,158	2,204
BEGINNING FUND BALANCE	589,761	589,761	589,761	-	587,557
ENDING FUND BALANCE	\$ 506,754	\$ 506,754	\$ 524,912	\$ 18,158	\$ 589,761

CITY OF HELOTES, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2012

Budgetary Information – The budget is 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 and Economic Development Corporation.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level, unless authorized by City Council. The actual expenditures exceeded the appropriated budget for 2012 in the General Fund; however, City Council authorized said expenditures through routine, monthly revenue and expenditure reports placed by City Staff onto City Council agendas, including the October 11, 2012 City Council agenda, whereby current expenditures exceeding 100% of fiscal year 2012 budgeted expenditures were authorized and ratified.

Budgetary deficit for City Administration is related primarily to information technology (IT) contractual expenses necessary to stabilize the server environment, particularly for emergency services and increased general liability insurance costs necessary to provide adequate coverage for current and new emergency services departments and activities.

Budgetary deficit for City Secretary related primarily to election official expenses provided through the Bexar County Elections Department after the passage of SB100 by the Texas Legislature in 2011.

Budgetary deficit for Municipal Court related primarily to the collection and disbursement of nearly fifty percent (50%) of all municipal citation collections to the State of Texas.

Budgetary deficit for Animal Control, Public Works related primarily to the addition of a public works/animal control employee necessary to ensure high public and personnel safety with regard to streets and drainage areas as well as animals-at-large within the municipality. Increased animal control expenditures were related to rising animals-at-large within the City. Increased streets and drainage area expenditures were necessary to prevent further deterioration of said facilities and rising motor vehicle fuel and lubricant costs.

Budgetary deficit in Development Services related primarily to required school/seminar training for Development Services department personnel to ensure that the Insurance Service Office BCEGS rating for the City is stable or decreasing and personal insurance costs within the City are stable or decreasing.

Budgetary deficit in Buildings and Grounds related primarily to rising building/grounds/public park facility maintenance costs and activities. City staff expects that such costs have stabilized and become quantifiable, allowing subsequent budgets to more accurately predict and reflect said expenditures.

Budgetary deficit for Police Department related primarily to increased salary and overtime costs; however, City staff expects that such costs have stabilized and become quantifiable, allowing subsequent budgets to more accurately predict and reflect said expenditures through the following modifications adopted as a part of the year ended September 30, 2013 budget process:

- A. 86 hour to 80 hour work week conversion.
- B. Addition of a salary contingency account within many emergency service budgets.

CITY OF HELOTES, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
SEPTEMBER 30, 2012

In anticipation of the deficit in the Economic Development Corporation, the Board of Directors budgeted within its fiscal year 2012 budget approximately \$83,000 of reserves to cover said deficit.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. 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 HELOTES, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLAN
 LAST FIVE CALENDAR YEARS

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2007	\$ 1,208,350	\$ 1,561,454	77.4%	\$ 353,104	\$ 1,458,676	24.2%
2008	\$ 1,492,438	\$ 1,763,870	84.6%	\$ 271,432	\$ 1,689,882	16.1%
2009	\$ 1,816,789	\$ 2,101,045	86.5%	\$ 284,256	\$ 1,878,667	15.1%
2010	\$ 2,284,728	\$ 2,524,433	90.5%	\$ 239,705	\$ 2,036,354	11.8%
2011	\$ 2,684,888	\$ 2,930,912	91.6%	\$ 246,024	\$ 2,378,436	10.3%

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

** Assets are stated at 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:

- Comparative Balance Sheets – General Fund
- Comparative Balance Sheets – Economic Development Corporation
- Comparative Statements – Debt Service Fund
- Comparative Statements – Capital Projects Fund
- Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance – OTH Capital Projects Fund

CITY OF HELOTES, TEXAS
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Equivalents	\$ 855,100	\$ 1,808,262
Certificate of Deposit	490,051	-
Receivables:		
Property Taxes (Net of Allowance)	31,703	34,565
Sales Tax and Other Receivables	258,196	209,482
Due from Other Funds	1,228,264	545,652
TOTAL ASSETS	\$ 2,863,314	\$ 2,597,961
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 70,332	\$ 100,038
Accrued Expenditures	56,090	47,885
Deferred Revenue - Taxes	28,964	31,541
Deferred Revenue - Lease	119,977	122,517
Unearned Revenue - Permits	-	37,000
<i>Total Liabilities</i>	275,363	338,981
<i>Fund Balance:</i>		
Restricted For:		
Court Technology and Security	26,167	44,246
School Crossing	23,450	15,229
Police Department	5,882	11,196
PEG Capital Fees	35,890	-
Unassigned	2,496,562	2,188,309
<i>Total Fund Balance</i>	2,587,951	2,258,980
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,863,314	\$ 2,597,961

CITY OF HELOTES, TEXAS
 COMPARATIVE BALANCE SHEETS
 ECONOMIC DEVELOPMENT CORPORATION
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Investments	\$ 93,836	\$ 356,216
Certificate of Deposit	490,039	245,000
Accounts Receivable - State	64,016	52,458
TOTAL ASSETS	\$ 647,891	\$ 653,674
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 225	\$ 117
Accrued Liabilities	5,767	3,316
Due to Other Funds	116,987	60,480
<i>Total Liabilities</i>	122,979	63,913
<i>Fund Balance:</i>		
Restricted for Economic Development Corporation	524,912	589,761
TOTAL LIABILITIES AND FUND BALANCE	\$ 647,891	\$ 653,674

CITY OF HELOTES, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Investments	\$ 86,408	\$ 92,811
Taxes Receivable (Net of Allowances)	8,677	9,893
TOTAL ASSETS	\$ 95,085	\$ 102,704
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Deferred Revenue	\$ 7,927	\$ 9,027
<i>Total Liabilities</i>	7,927	9,027
<i>Fund Balance:</i>		
Restricted for Debt Service	87,158	93,677
TOTAL LIABILITIES AND FUND BALANCE	\$ 95,085	\$ 102,704

CITY OF HELOTES, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 DEBT SERVICE FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Taxes	\$ 568,235	552,924
Interest	291	839
TOTAL REVENUES	568,526	553,763
 EXPENDITURES		
Principal Payments	500,000	475,000
Interest and Fiscal Charges	364,746	383,828
TOTAL EXPENDITURES	864,746	858,828
 Excess (Deficiency) of Revenues Over (Under) Expenditures	(296,220)	(305,065)
 OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	289,701	290,694
TOTAL OTHER FINANCING SOURCES (USES)	289,701	290,694
 Net Change in Fund Balance	(6,519)	(14,371)
 BEGINNING FUND BALANCE	93,677	108,048
 ENDING FUND BALANCE	\$ 87,158	\$ 93,677

CITY OF HELOTES, TEXAS
 COMPARATIVE BALANCE SHEETS
 CAPITAL PROJECTS FUND
 SEPTEMBER 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash and Equivalents	\$ 168,354	\$ 247,840
TOTAL ASSETS	\$ 168,354	\$ 247,840
LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 2,502	\$ -
Due to Other Funds	-	50,841
<i>Total Liabilities</i>	2,502	50,841
<i>Fund Balance:</i>		
Committed for Capital Projects	165,852	196,999
TOTAL LIABILITIES AND FUND BALANCE	\$ 168,354	\$ 247,840

CITY OF HELOTES, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 CAPITAL PROJECTS FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Grants	\$ -	\$ 416,050
Interest	460	532
Miscellaneous	8,317	700
TOTAL REVENUES	8,777	417,282
EXPENDITURES		
Capital Outlay	39,924	662,485
TOTAL EXPENDITURES	39,924	662,485
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,147)	(245,203)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	-	348,285
TOTAL OTHER FINANCING	-	348,285
Net Change in Fund Balance	(31,147)	103,082
BEGINNING FUND BALANCE	196,999	93,917
ENDING FUND BALANCE	\$ 165,852	\$ 196,999

CITY OF HELOTES, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 OTH CAPITAL PROJECTS FUND
 FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2012 AND 2011

	2012	2011
REVENUES		
Interest	\$ -	\$ 661
TOTAL REVENUES	-	661
EXPENDITURES		
Capital Outlay	-	11,486
TOTAL EXPENDITURES	-	11,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(10,825)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	-	(142,650)
TOTAL OTHER FINANCING SOURCES (USES)	-	(142,650)
Net Change in Fund Balance	-	(153,475)
BEGINNING FUND BALANCE	-	153,475
ENDING FUND BALANCE	\$ -	\$ -

STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

This part of the City of Helotes's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Helotes's overall financial health

Contents

Financial Trends – Tables 1 through 5

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

Revenue Capacity – Tables 6 through 9

These schedules contain information to help the reader assess Helotes's most significant local revenue source, the property tax.

Debt Capacity – Tables 10 and 11

These schedules present information to help the reader assess the affordability of Helotes's current levels of outstanding debt, and our ability to issue additional debt.

Demographic and Economic Information – Tables 12 and 13

These schedules offer demographic and economic indicators to help the reader understand the environment within which Helotes's financial activities take place.

CITY OF HELOTES, TEXAS
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 1,296,281	\$ 1,097,466	\$ 1,111,537
Restricted	366,541	300,140	155,974
Unrestricted	1,320,044	1,877,376	2,709,920
Total Governmental Activities Net Assets	<u>\$ 2,982,866</u>	<u>\$ 3,274,982</u>	<u>\$ 3,977,431</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -
Restricted	-	-	-
Unrestricted	-	-	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	\$ 1,296,281	\$ 1,097,466	\$ 1,111,537
Restricted	366,541	300,140	155,974
Unrestricted	1,320,044	1,877,376	2,709,920
Total Primary Government Net Assets	<u>\$ 2,982,866</u>	<u>\$ 3,274,982</u>	<u>\$ 3,977,431</u>

TABLE 1

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 2,427,960	\$ 2,441,885	\$ 2,801,984	\$ 2,695,447	\$ 2,609,738	\$ 2,525,712
200,465	83,401	63,784	188,397	110,315	124,744
<u>2,646,306</u>	<u>3,012,194</u>	<u>2,949,816</u>	<u>2,893,635</u>	<u>2,907,932</u>	<u>3,110,618</u>
<u>\$ 5,274,731</u>	<u>\$ 5,537,480</u>	<u>\$ 5,815,584</u>	<u>\$ 5,777,479</u>	<u>\$ 5,627,985</u>	<u>\$ 5,761,074</u>
\$ -	\$ -	\$ -	\$ -	\$ 510,684	\$ 450,745
-	-	-	-	-	-
-	-	-	-	(362,016)	(877,756)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,668</u>	<u>\$ (427,011)</u>
\$ 2,427,960	\$ 2,441,885	\$ 2,801,984	\$ 2,695,447	\$ 3,120,422	\$ 2,976,457
200,465	83,401	63,784	188,397	110,315	124,744
<u>2,646,306</u>	<u>3,012,194</u>	<u>2,949,816</u>	<u>2,893,635</u>	<u>2,545,916</u>	<u>2,232,862</u>
<u>\$ 5,274,731</u>	<u>\$ 5,537,480</u>	<u>\$ 5,815,584</u>	<u>\$ 5,777,479</u>	<u>\$ 5,776,653</u>	<u>\$ 5,334,063</u>

CITY OF HELOTES, TEXAS
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Primary Government Expenses			
<i>Governmental Activities:</i>			
City Council	\$ 1,132	\$ 1,234	\$ 1,113
City Administration	208,842	254,978	403,898
City Secretary	87,136	83,830	94,053
Human Resources	-	-	-
Municipal Court	204,993	204,596	239,610
Animal Control, Public Works	-	-	-
Development Services	411,353	373,358	475,063
Buildings and Grounds	24,137	33,786	46,765
Police Department	903,895	1,049,403	1,031,767
Emergency Services	123,565	133,992	164,314
Fire Department	326,142	392,588	456,722
Capital Outlay	9,352	126,175	59,473
Interest and Fiscal Charges on Long-Term Debt	82,435	88,624	67,063
<i>Total Governmental Activities Expenses</i>	<u>2,382,982</u>	<u>2,742,564</u>	<u>3,039,841</u>
<i>Business-Type Activities</i>			
Dispatch	-	-	-
Emergency Medical Services	-	-	-
<i>Total Business Type Activities Expenses</i>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government Expenses	<u><u>\$ 2,382,982</u></u>	<u><u>\$ 2,742,564</u></u>	<u><u>\$ 3,039,841</u></u>
Program Revenues			
<i>Governmental Activities:</i>			
<i>Charges for Services:</i>			
Municipal Court	\$ 207,831	\$ 219,254	\$ 253,939
Animal Control, Public Works	-	-	-
Development Services	502,201	437,726	375,967
Buildings and Grounds	-	-	-
Police Department	-	-	-
Fire Department	112,870	75,554	149,651
Operating Grants and Contributions	-	88,626	18,564
Capital Grants and Contributions	-	-	-
<i>Total Governmental Activities Program Revenues</i>	<u>822,902</u>	<u>821,160</u>	<u>798,121</u>
<i>Business-Type Activities:</i>			
<i>Charges for Services:</i>			
Dispatch	-	-	-
Emergency Medical Services	-	-	-
<i>Total Business-Type Activities Program Revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government Program Revenues	<u><u>\$ 822,902</u></u>	<u><u>\$ 821,160</u></u>	<u><u>\$ 798,121</u></u>

TABLE 2

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 7,453	\$ 2,709	\$ 4,607	\$ 1,601	\$ 2,220	\$ 1,952
594,178	204,334	285,686	658,203	680,091	777,467
105,019	107,279	109,745	89,391	95,229	92,634
-	-	-	-	13,358	13,321
242,857	318,373	297,403	236,389	245,506	272,767
-	-	-	260,390	389,432	417,889
851,508	539,247	455,910	56,236	53,911	51,626
91,125	184,029	171,832	242,053	360,351	297,025
1,316,587	1,526,649	1,697,362	1,664,264	1,505,223	1,545,810
176,600	193,781	246,857	259,704	-	-
743,250	872,148	902,743	917,726	1,156,926	1,120,975
129,419	-	-	-	-	-
170,039	527,658	424,361	406,506	383,924	372,892
<u>4,428,035</u>	<u>4,476,207</u>	<u>4,596,506</u>	<u>4,792,463</u>	<u>4,886,171</u>	<u>4,964,358</u>
-	-	-	-	273,290	319,658
-	-	-	-	281,390	440,165
-	-	-	-	554,680	759,823
<u>\$ 4,428,035</u>	<u>\$ 4,476,207</u>	<u>\$ 4,596,506</u>	<u>\$ 4,792,463</u>	<u>\$ 5,440,851</u>	<u>\$ 5,724,181</u>
\$ 220,140	\$ 305,271	\$ 349,424	\$ 305,338	\$ 302,741	\$ 363,923
-	-	-	-	3,951	3,150
650,357	391,942	250,807	261,620	271,218	353,095
-	-	-	14,853	16,790	-
-	-	39,080	73,990	83,771	48,091
231,975	335,327	306,778	75,305	75,060	76,695
8,812	1,612	6,459	17,607	7,168	10,594
1,393,304	54,806	1,950	-	416,050	-
<u>2,504,588</u>	<u>1,088,958</u>	<u>954,498</u>	<u>748,713</u>	<u>1,176,749</u>	<u>855,548</u>
-	-	-	-	54,000	68,729
-	-	-	-	82,080	115,415
-	-	-	-	136,080	184,144
<u>\$ 2,504,588</u>	<u>\$ 1,088,958</u>	<u>\$ 954,498</u>	<u>\$ 748,713</u>	<u>\$ 1,312,829</u>	<u>\$ 1,039,692</u>

CITY OF HELOTES, TEXAS
CHANGE IN NET ASSETS (CONTINUED)
LAST NINE FISCAL YEARS

	Fiscal Year		
	2004	2005	2006
Primary Government Net Expenses			
Governmental Activities	\$ (1,560,080)	\$ (1,921,404)	\$ (2,241,720)
Business-Type Activities	-	-	-
Total Primary Government Net Expenses	<u>\$ (1,560,080)</u>	<u>\$ (1,921,404)</u>	<u>\$ (2,241,720)</u>
General Revenues and Other Changes in Net Assets			
<i>Governmental Activities:</i>			
Taxes:			
General Property Taxes	\$ 1,157,253	\$ 1,327,556	\$ 1,359,067
Sales Taxes	322,133	355,997	742,533
Franchise Taxes	183,824	248,077	303,519
Interest and Investment earnings	32,401	61,725	88,426
Miscellaneous	31,003	60,960	21,897
Transfers	-	-	-
Total Governmental General Revenues	<u>1,726,614</u>	<u>2,054,315</u>	<u>2,515,442</u>
<i>Business-Type Activities:</i>			
Transfers	-	-	-
Total Business-Type General Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government General Revenues	<u>\$ 1,726,614</u>	<u>\$ 2,054,315</u>	<u>\$ 2,515,442</u>
Changes In Net Assets			
Governmental Activities	\$ 166,534	\$ 132,911	\$ 273,722
Business-Type Activities	-	-	-
Total Primary Government	<u>\$ 166,534</u>	<u>\$ 132,911</u>	<u>\$ 273,722</u>

TABLE 2 (Cont.)

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ (1,923,447)	\$ (3,387,249)	\$ (3,642,008)	\$ (4,043,750)	\$ (3,709,422)	\$ (4,108,810)
-	-	-	-	(418,600)	(575,679)
<u>\$ (1,923,447)</u>	<u>\$ (3,387,249)</u>	<u>\$ (3,642,008)</u>	<u>\$ (4,043,750)</u>	<u>\$ (4,128,022)</u>	<u>\$ (4,684,489)</u>
\$ 1,652,361	\$ 2,181,026	\$ 2,579,291	\$ 2,632,523	\$ 2,626,085	\$ 2,635,240
896,597	766,305	763,063	871,043	970,912	1,054,778
326,173	369,790	359,770	392,595	455,020	442,683
316,697	304,641	196,791	74,450	21,114	8,488
28,919	28,236	21,197	35,034	54,065	100,710
-	-	-	-	(567,268)	-
<u>3,220,747</u>	<u>3,649,998</u>	<u>3,920,112</u>	<u>4,005,645</u>	<u>3,559,928</u>	<u>4,241,899</u>
-	-	-	-	567,268	-
-	-	-	-	567,268	-
<u>\$ 3,220,747</u>	<u>\$ 3,649,998</u>	<u>\$ 3,920,112</u>	<u>\$ 4,005,645</u>	<u>\$ 4,127,196</u>	<u>\$ 4,241,899</u>
\$ 1,297,300	\$ 262,749	\$ 278,104	\$ (38,105)	\$ (149,494)	\$ 133,089
-	-	-	-	148,668	(575,679)
<u>\$ 1,297,300</u>	<u>\$ 262,749</u>	<u>\$ 278,104</u>	<u>\$ (38,105)</u>	<u>\$ (826)</u>	<u>\$ (442,590)</u>

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

	Fiscal Year			
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	38,207	27,649	26,674	33,112
Assigned	-	-	-	107,595
Unassigned	<u>1,320,363</u>	<u>1,349,826</u>	<u>1,571,825</u>	<u>1,752,949</u>
Total General Fund	<u><u>\$1,358,570</u></u>	<u><u>\$1,377,475</u></u>	<u><u>\$1,598,499</u></u>	<u><u>\$1,893,656</u></u>
All Other Governmental Funds				
Fund Balances Reported In:				
Capital Projects Funds	\$1,440,388	\$1,365,150	\$ 337,775	\$ 366,666
Debt Service Fund	222,953	353,140	300,140	154,994
Economic Development Corporation	<u>-</u>	<u>171,807</u>	<u>360,451</u>	<u>519,300</u>
Total All Other Governmental Funds	<u><u>\$1,663,341</u></u>	<u><u>\$1,890,097</u></u>	<u><u>\$ 998,366</u></u>	<u><u>\$1,040,960</u></u>

TABLE 3

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 9,850	\$ -	\$ -	\$ 70,355	\$ -	\$ -
41,996	41,020	49,744	71,541	70,671	91,389
200,195	406,331	274,583	219,225	-	-
<u>1,776,946</u>	<u>1,944,759</u>	<u>2,133,166</u>	<u>1,875,762</u>	<u>2,188,309</u>	<u>2,496,562</u>
<u>\$ 2,028,987</u>	<u>\$ 2,392,110</u>	<u>\$ 2,457,493</u>	<u>\$ 2,236,883</u>	<u>\$ 2,258,980</u>	<u>\$2,587,951</u>
\$10,246,551	\$ 8,557,596	\$ 5,893,628	\$ 247,392	\$ 196,999	\$ 165,852
156,293	(4,839)	1,541	108,048	93,677	87,158
<u>518,970</u>	<u>739,407</u>	<u>627,130</u>	<u>587,557</u>	<u>589,761</u>	<u>524,912</u>
<u>\$10,921,814</u>	<u>\$ 9,292,164</u>	<u>\$ 6,522,299</u>	<u>\$ 942,997</u>	<u>\$ 880,437</u>	<u>\$ 777,922</u>

CITY OF HELOTES, TEXAS
CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year			
	2003	2004	2005	2006
REVENUES				
Taxes	\$ 1,311,782	\$ 1,477,011	\$ 1,681,235	\$ 2,109,539
Franchise Fees	177,010	183,824	248,077	303,519
Licenses and Permits	594,286	502,201	437,726	375,967
Municipal Court	213,063	207,831	219,254	253,939
Fire Department	19,024	112,870	75,554	149,651
Grants	-	-	88,626	18,564
Interest	38,121	32,401	58,360	88,427
Miscellaneous	9,433	31,003	64,324	21,897
TOTAL REVENUES	<u>2,362,719</u>	<u>2,547,141</u>	<u>2,873,156</u>	<u>3,321,503</u>
EXPENDITURES				
Current:				
City Council	1,272	1,132	1,234	1,113
City Administration	245,355	167,299	208,409	292,126
City Secretary	111,604	86,595	78,255	93,121
Human Resources	-	-	-	-
Municipal Court	192,789	204,588	204,831	242,023
Animal Control, Public Works	-	-	-	-
Development Services	374,299	300,948	339,267	380,918
Buildings and Grounds	29,609	24,137	33,786	46,765
Police Department	800,615	863,127	965,458	1,038,151
Emergency Services	92,498	123,565	133,992	164,314
Fire Department	123,439	256,003	329,965	385,266
Miscellaneous	148,518	159,294	198,439	120,851
Capital Outlay	-	65,470	1,074,453	37,333
Debt Service:				
Principal	125,281	160,142	168,317	181,634
Interest and Fiscal Charges	77,217	83,972	90,201	68,413
TOTAL EXPENDITURES	<u>2,322,496</u>	<u>2,496,272</u>	<u>3,826,607</u>	<u>3,052,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>40,223</u>	<u>50,869</u>	<u>(953,451)</u>	<u>269,475</u>
OTHER FINANCING SOURCES (USES)				
Volunteer Fire Department Contribution	49,035	-	-	-
Proceeds from Debt	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>49,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balance	 <u>\$ 89,258</u>	 <u>\$ 50,869</u>	 <u>\$ (953,451)</u>	 <u>\$ 269,475</u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.72%	 10.04%	 9.39%	 8.29%

TABLE 4

Fiscal Year					
2007	2008	2009	2010	2011	2012
\$ 2,543,744	\$ 2,932,471	\$ 3,323,816	\$ 3,520,791	\$ 3,591,052	\$ 3,693,695
326,173	369,790	362,180	392,595	455,020	442,683
650,357	391,942	237,716	234,617	269,821	356,245
220,140	305,271	388,504	379,329	386,512	412,014
231,975	335,327	308,328	75,305	75,060	76,695
81,116	8,278	-	10,171	416,050	-
316,698	304,640	196,787	74,444	21,117	8,488
28,918	28,239	41,147	84,738	85,537	111,875
<u>4,399,121</u>	<u>4,675,958</u>	<u>4,858,478</u>	<u>4,771,990</u>	<u>5,300,169</u>	<u>5,101,695</u>
7,453	2,709	4,607	1,601	2,220	1,952
583,933	198,646	284,472	635,668	624,710	723,786
108,626	98,777	100,969	86,891	92,184	93,323
-	-	-	-	13,358	13,321
240,577	308,281	285,401	230,933	260,169	263,797
-	-	-	157,826	164,919	189,702
301,993	53,407	94,209	55,596	53,974	53,011
532,771	389,461	389,759	182,595	245,973	242,912
1,248,433	1,405,025	1,592,574	1,583,501	1,359,034	1,361,029
176,600	193,781	246,857	259,704	-	-
650,322	777,597	811,176	828,372	941,619	926,726
-	-	-	-	-	-
266,054	1,649,450	2,850,076	5,692,182	800,496	164,382
115,000	300,000	480,000	455,000	503,805	543,882
151,175	565,351	422,860	402,033	383,828	369,434
<u>4,382,937</u>	<u>5,942,485</u>	<u>7,562,960</u>	<u>10,571,902</u>	<u>5,446,289</u>	<u>4,947,257</u>
<u>16,184</u>	<u>(1,266,527)</u>	<u>(2,704,482)</u>	<u>(5,799,912)</u>	<u>(146,120)</u>	<u>154,438</u>
-	-	-	-	-	-
<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,657</u>	<u>72,018</u>
<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,657</u>	<u>72,018</u>
<u>\$10,016,184</u>	<u>\$ (1,266,527)</u>	<u>\$ (2,704,482)</u>	<u>\$ (5,799,912)</u>	<u>\$ (40,463)</u>	<u>\$ 226,456</u>
6.47%	20.16%	19.16%	17.56%	19.11%	18.91%

CITY OF HELOTES, TEXAS
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	Property	Sales & Use	Franchise	Total
2003	\$ 1,035,364	\$ 276,418	\$ 177,010	\$ 1,488,792
2004	1,154,879	322,132	183,824	1,660,835
2005	1,325,238	355,997	248,077	1,929,312
2006	1,367,007	742,532	303,519	2,413,058
2007	1,647,147	896,597	326,173	2,869,917
2008	2,166,166	766,305	369,790	3,302,261
2009	2,563,162	760,654	362,180	3,685,996
2010	2,649,748	871,043	392,595	3,913,386
2011	2,620,140	970,912	455,020	4,046,072
2012	2,638,917	1,054,778	442,683	4,136,378

CITY OF HELOTES, TEXAS
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST EIGHT FISCAL YEARS

TABLE 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value*	Total Direct Tax Rate
2005	\$ 345,546,011	\$ 35,217,961	\$ 10,525,659	\$ 370,238,313	0.355000
2006	370,197,824	45,535,638	12,037,921	403,695,541	0.336287
2007	447,112,505	50,241,650	14,075,491	483,278,664	0.336287
2008	597,429,473	67,132,639	18,807,600	645,754,512	0.336287
2009	639,537,759	113,424,621	45,305,554	707,656,826	0.363651
2010	653,565,423	115,942,834	47,975,420	721,532,837	0.363651
2011	652,132,270	120,241,773	49,651,853	722,722,190	0.363651
2012	663,227,472	120,004,340	51,751,163	731,480,649	0.360000

Source: Bexar Appraisal District.

* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.
 The Taxable Assessed Value is further reduced by any freeze adjustments.

**CITY OF HELOTES, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

TABLE 7

<u>City Direct Rates</u>			
Fiscal Year	General Fund	Debt Service	Total Direct
2003	0.304915	0.055085	0.360000
2004	0.309568	0.050432	0.360000
2005	0.326100	0.028900	0.355000
2006	0.336287	-	0.336287
2007	0.301447	0.034840	0.336287
2008	0.268311	0.067976	0.336287
2009	0.275982	0.087669	0.363651
2010	0.271140	0.092511	0.363651
2011	0.282731	0.080920	0.363651
2012	0.282640	0.077360	0.360000

<u>Overlapping Rates</u>							Total
Fiscal Year	Total Direct Rate	Northside ISD	University Health System	Alamo Community College	San Antonio River Authority	Bexar County	Direct and Overlapping Rates
2003	0.360000	1.762500	0.243869	0.107050	0.016425	0.333671	2.823515
2004	0.360000	1.762500	0.243869	0.107050	0.016425	0.333671	2.823515
2005	0.355000	1.762500	0.243869	0.107050	0.016425	0.331190	2.816034
2006	0.336287	1.775000	0.243869	0.107050	0.016425	0.331190	2.809821
2007	0.336287	1.592500	0.243869	0.137050	0.016045	0.326866	2.652617
2008	0.336287	1.262500	0.237408	0.134550	0.015951	0.326866	2.313562
2009	0.363651	1.302500	0.261022	0.135855	0.015951	0.326866	2.405845
2010	0.363651	1.337500	0.266235	0.135855	0.015951	0.326866	2.446058
2011	0.363651	1.365500	0.276235	0.141623	0.016652	0.326866	2.490527
2012	0.360000	1.375500	0.276235	0.141623	0.017370	0.326866	2.497594

Source: Information furnished by Bexar County Tax Assessor - Collector

CITY OF HELOTES, TEXAS
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT AND SIX YEARS AGO

TABLE 8

<u>Taxpayer</u>	<u>2012</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Helotes Town Centre LP	\$ 5,003,220	1	0.68%			
Bandera Helotes Plaza LLC	3,907,520	2	0.53%			
White Turkey Creek LTD	3,902,124	3	0.53%			
JDL Texas Ventures	3,815,680	4	0.52%			
8990 Helotes Holdings LLC	2,390,500	5	0.33%			
TKGSM-TX LP	2,389,570	6	0.33%			
Pela General Builders LLC	2,300,000	7	0.31%			
Shurgard Texas LTD	2,238,310	7	0.31%			
HSF Properties LLC	1,930,000	9	0.26%			
Pulte Homes of Texas	1,757,700	10	0.24%			
Hill Country Crossing II Ltd.				\$ 977,100	1	0.24%
Iron Horse Building Cp., Ltd.				960,870	2	0.23%
Brian and Rebecca Senger				776,532	3	0.19%
Eugene Sprague				684,950	4	0.17%
Jerrold & Elsa Jolly				547,200	5	0.14%
Rene and Frances Spina				495,730	6	0.12%
Jim Koeller				463,110	7	0.11%
James and Beverly Pestello				429,040	8	0.10%
Total	<u>\$ 29,634,624</u>		<u>4.05%</u>	<u>\$ 5,334,532</u>		<u>1.30%</u>

Taxable value of \$731,480,649

Note: Information from nine years ago was not available. Information for 2006 is presented instead.

CITY OF HELOTES, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS

TABLE 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	1,165,884	1,156,279	99.18%	8,598	1,164,877	99.91%
2005	1,314,208	1,302,990	99.15%	9,549	1,312,539	99.87%
2006	1,357,577	1,350,355	99.47%	6,261	1,356,616	99.93%
2007	1,625,203	1,611,852	99.18%	12,115	1,623,967	99.92%
2008	2,171,588	2,145,209	98.79%	24,185	2,169,394	99.90%
2009	2,574,083	2,532,144	98.37%	37,396	2,569,540	99.82%
2010	2,613,074	2,596,599	99.37%	11,441	2,608,040	99.81%
2011	2,614,869	2,591,187	99.09%	15,736	2,606,923	99.70%
2012	2,622,552	2,604,356	99.31%	-	2,604,356	99.31%

Source: Bexar County Tax Assessor Collector

CITY OF HELOTES, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

TABLE 10

Fiscal Year	Governmental Activities			Total Primary Government	Per Capita*
	General Obligation Bonds	Certificates of Obligation	Capital Leases		
2003	\$ 175,000	\$ 1,430,000	\$ 344,857	\$ 1,949,857	455
2004	150,000	1,360,000	279,715	1,789,715	418
2005	125,000	1,285,000	211,398	1,621,398	378
2006	95,000	1,205,000	139,764	1,439,764	223
2007	65,000	11,120,000	71,471	11,256,471	1,742
2008	35,000	10,850,000	-	10,885,000	1,629
2009	-	10,405,000	-	10,405,000	1,329
2010	-	9,950,000	-	9,950,000	1,250
2011	-	9,475,000	76,852	9,551,852	1,301
2012	-	8,975,000	104,987	9,079,987	1,286

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Per Capita is derived by dividing the total debt by the population reported on the Demographic and Economic Statistics Table (Table 12)

**CITY OF HELOTES, TEXAS
LEGAL DEBT MARGIN
LAST SIX FISCAL YEARS**

Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of general obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in the levy of a tax for bonded debt of over \$1.00 for cities under a population of 5,000 or \$1.50 for the cities over 5,000 in population.

TABLE 11

Taxable Value		<u>\$ 731,480,649</u>
Debt Limit - 10% of taxable value [1]		\$ 73,148,065
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	\$ 9,079,987	
Less Funds Available in Debt Service Fund	<u>87,158</u>	
Total Amount of Debt Applicable to Debt Limit		<u>8,992,829</u>
Legal Debt Margin		<u>\$ 64,155,236</u>

	Fiscal Year		
	2010	2011	2012
Debt Limit	\$ 72,153,284	\$ 72,272,219	\$ 73,148,065
Total Net Debt Applicable to Debt Limit	<u>(9,841,952)</u>	<u>(9,458,175)</u>	<u>(8,992,829)</u>
Legal Debt Margin	<u>\$ 62,311,332</u>	<u>\$ 62,814,044</u>	<u>\$ 64,155,236</u>

	Fiscal Year		
	2007	2008	2009
Debt Limit	\$ 48,327,866	\$ 64,575,453	\$ 70,765,683
Total Net Debt Applicable to Debt Limit	<u>(11,028,707)</u>	<u>(10,885,000)</u>	<u>(10,403,459)</u>
Legal Debt Margin	<u>\$ 37,299,159</u>	<u>\$ 53,690,453</u>	<u>\$ 60,362,224</u>

CITY OF HELOTES, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST NINE FISCAL YEARS

TABLE 12

Year	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2004	4,285	\$ 29,534	38.9	2,059	6.4%
2005	4,285	\$ 29,534	38.9	3,684	5.7%
2006	6,460	\$ 29,534	38.9	3,791	4.5%
2007	6,460	\$ 29,534	38.9	3,838	4.1%
2008	6,681	\$ 29,534	38.9	3,292	5.1%
2009	7,831	\$ 29,534	38.9	3,272	7.2%
2010	7,960	\$ 29,534	38.9	3,420	7.8%
2011	7,341	\$ 32,123	41.1	4,371	7.9%
2012	7,060	\$ 31,335	41.1	4,161	6.8%

Sources: Population, per capita income and median age information provided by the United States Census Bureau. School enrollment information was provided by the Northside Independent School District. Unemployment rate was provided by the Bureau of Labor Statistics.

**CITY OF HELOTES, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND THREE YEARS AGO**

TABLE 13

<u>Employer</u>	<u>2012</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Lackland AFB	37,097	1	3.66%	28,100	2	3.11%
Fort Sam Houston	32,000	2	3.16%	30,793	1	3.41%
USAA	15,000	3	1.48%	14,852	3	1.65%
HEB Food Stores	14,588	4	1.44%	14,588	4	1.62%
Northside ISD	12,751	5	1.26%	12,597	5	1.40%
Randolph AFB	11,068	6	1.09%	10,700	6	1.19%
North East ISD	10,522	7	1.04%	10,223	7	1.13%
City of San Antonio	9,145	8	0.90%	9,000	8	1.00%
Methodist Healthcare System	7,747	9	0.77%	7,581	9	0.84%
San Antonio ISD	7,000	10	0.69%	7,013	10	0.78%
Total	156,918		15.49%	145,447		13.01%

The City of Helotes, Texas is surrounded by the City of San Antonio and no data is available for the employers in Helotes, Texas. The above data is for the City of San Antonio.

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

Source: San Antonio Economic Development Foundation



