

CITY OF CASTLE HILLS, TEXAS

ANNUAL FINANCIAL REPORT

**FISCAL YEAR ENDED
DECEMBER 31, 2012**



CITY OF CASTLE HILLS, TEXAS
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED DECEMBER 31, 2012

CITY OFFICIALS

MAYOR

BRUCE SMILEY-KALIFF

MAYOR PRO TEM

TOM DAVIS

CITY COUNCIL

MICHAEL A. CATALANI
DOUGLAS A. GREGORY
STEPHEN A. MCGUIRE
TIM HOWELL

CITY MANAGER

RITA HOYL

CITY ATTORNEY

MICHAEL S. BRENAN

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.



CITY OF CASTLE HILLS, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

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Nancy L. Vaughan, CPA
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Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Castle Hills, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Hills, as of December 31, 2012, and for the year then ended, and the related notes to the financial statements, which collectively comprise City of Castle Hills's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Castle Hills, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of funding progress 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 evidence sufficient 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 Castle Hills's basic financial statements. The combining and comparative fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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.



Armstrong, Vaughan & Associates, P.C.

March 27, 2013

CITY OF CASTLE HILLS, TEXAS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2012

This section of City of Castle Hills's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2012. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

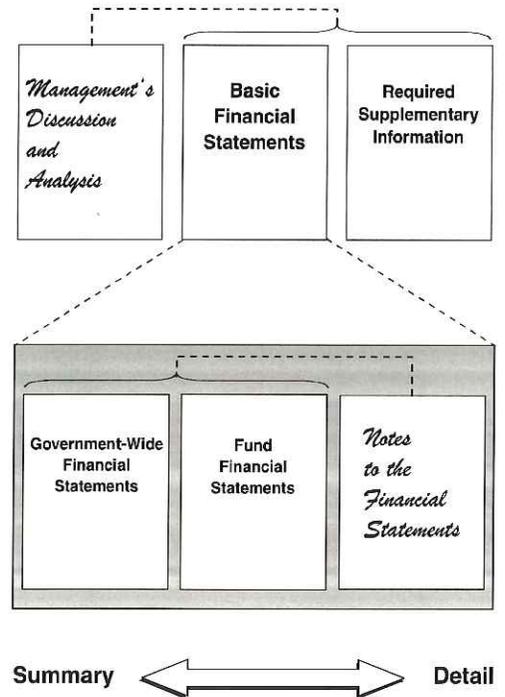
- The City's total net position was \$8,347,061 at December 31, 2012.
- During the year, the City's expenses were \$800,675 less than the \$6,048,607 generated in taxes and other revenues for governmental activities.
- The total cost of the City's programs increased 0.9% from the previous year.
- The general fund reported a fund balance this year of \$3,125,262.

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.

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



CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

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.

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements		
<i>Type of Statements</i>	Fund Statements	
	Government-wide	Governmental Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component unit (Crime Control and Prevention)	The activities of the city that are not proprietary or fiduciary
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.

CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the City's net position 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 police, fire and general administration. Property taxes, sales taxes, franchise fees and charges for services finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the City's most significant *funds*—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has Governmental Funds as follows:

- *Governmental funds*—All 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.

CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. The City's net position was \$8,347,061 at December 31, 2012. (See Table A-1).

Table A-1
City of Castle Hills Net Position

	Governmental Activities		Percentage Change
	2012	2011	
<i>Assets:</i>			
Cash and Investments	\$ 6,282,075	\$ 5,169,495	21.5%
Receivables	1,891,476	1,963,904	-3.7%
Prepaid Expenses	90,495	89,871	0.7%
Capital Assets (Net)	3,440,040	3,510,517	-2.0%
<i>Total Assets</i>	<u>11,704,086</u>	<u>10,733,787</u>	<u>9.0%</u>
<i>Liabilities:</i>			
Accounts Payable and Accruals	3,156,211	2,949,394	7.0%
Long-term Liabilities	200,814	238,007	-15.6%
<i>Total Liabilities</i>	<u>3,357,025</u>	<u>3,187,401</u>	<u>5.3%</u>
<i>Net Position:</i>			
Invested in capital assets	3,401,363	3,434,889	-1.0%
Restricted	1,955,971	1,802,586	8.5%
Unrestricted	2,989,727	2,308,911	29.5%
<i>Total Net Position</i>	<u>\$ 8,347,061</u>	<u>\$ 7,546,386</u>	<u>10.6%</u>

The \$2,989,727 of unrestricted net position represents resources available to fund the programs of the City next year.

CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

GOVERNMENTAL ACTIVITIES

Changes in net position. The City's total revenues were \$6,048,607, an increase of 9.5%. A significant portion, 71%, comes from taxes, while 23% percent relates to charges for services.

The total cost of all programs and services was \$5,247,932. (See Table A-2).

	Governmental Activities		Percentage Change
	2012	2011	
Program Revenues:			
Charges for Services	\$ 1,404,462	\$ 1,216,046	15.5%
Operating Contributions	30,851	33,408	-7.7%
General Revenues			
Property Taxes	2,503,746	2,388,882	4.8%
Franchise Taxes	420,286	447,718	-6.1%
Sales Taxes	1,398,708	1,322,026	5.8%
Investment Income	25,920	33,618	-22.9%
CPS CEID Funds	212,296	-	100.0%
Miscellaneous	52,338	83,873	-37.6%
Total Revenues	<u>6,048,607</u>	<u>5,525,571</u>	<u>9.5%</u>
Administration	716,422	654,493	9.5%
Municipal Court	142,805	156,729	-8.9%
Police	2,063,890	1,986,015	3.9%
Fire	1,665,869	1,621,248	2.8%
Streets	305,339	308,783	-1.1%
Sanitation	289,378	417,672	-30.7%
Drainage	60,696	48,857	24.2%
Interest on Long-term Debt	3,533	5,181	-31.8%
Total Expenses	<u>5,247,932</u>	<u>5,198,978</u>	<u>0.9%</u>
Increase (Decrease) in Net Position	<u>\$ 800,675</u>	<u>\$ 326,593</u>	<u>145.2%</u>

Table A-3 presents the cost of each of the City's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local governments as well as local tax dollars.

- The cost of all *governmental* activities this year was \$5,247,932.
- The amount that our taxpayers paid for these activities through property taxes was \$2,503,746.
- Some of the cost, \$1,404,462, was paid by those who directly benefited from the programs.

CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

Table A-3
Net Cost of Selected City Functions

	Total Cost of Services			Net Cost (Revenue) of Services		
	2012	2011	% Change	2012	2011	% Change
Administration	\$ 716,422	\$ 654,493	9.5%	\$ 470,621	\$ 483,958	-2.8%
Municipal Court	142,805	156,729	-8.9%	(375,979)	(351,886)	6.8%
Police	2,063,890	1,986,015	3.9%	2,030,599	1,965,157	3.3%
Fire	1,665,869	1,621,248	2.8%	1,657,041	1,610,620	2.9%
Streets	305,339	308,783	-1.1%	305,339	308,783	-1.1%
Sanitation	289,378	417,672	-30.7%	(214,900)	2,993	-7280.1%
Drainage	60,696	48,857	24.2%	(63,635)	(75,282)	-15.5%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$6,006,172, an increase of 9.0%. The increase is primarily the result of increased property tax and the closure of the City Public Service CEID Fund.

General Fund Budgetary Highlights

The City has legally adopted budgets for the General Fund and Crime Control and Prevention District. General Fund expenditures were \$218,481 less than budgeted expenditures. The Crime Control and Prevention District also did not exceed its budgeted expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012 the City had invested \$5,870,881 in a broad range of capital assets, including land, equipment, buildings, and vehicles. During 2012, the City began street repair project listed as construction in progress. (See Table A-4.) More detailed information about the City's capital assets is presented in the notes to the financial statements.

Table A-4
City's Capital Assets

	2012	2011	Percentage Change
Land	\$ 383,700	\$ 383,700	0.00%
Buildings and Improvements	2,898,073	2,898,073	0.00%
Vehicles and Equipment	1,752,535	1,905,139	-8.01%
Infrastructure	527,480	527,480	0.00%
Construction in Progress	309,093	-	100.00%
Totals at Historical Cost	<u>5,870,881</u>	<u>5,714,392</u>	<u>2.74%</u>
Total Accumulated Depreciation	(2,430,841)	(2,203,875)	10.30%
Net Capital Assets	<u>\$ 3,440,040</u>	<u>\$ 3,510,517</u>	<u>-2.01%</u>

CITY OF CASTLE HILLS, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)
FOR THE YEAR ENDED DECEMBER 31, 2012

Long-Term Debt

At year-end, the City's long-term debt consisted of a capital lease and employee compensated absences 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

	<u>2012</u>	<u>2011</u>	<u>Percentage Change</u>
Capital Lease	\$ 38,677	\$ 75,628	-48.86%
Compensated Absences	<u>162,137</u>	<u>162,379</u>	-0.15%
Total Long Term Debt	<u>\$ 200,814</u>	<u>\$ 238,007</u>	<u>-15.63%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2013 fiscal year General Fund budget is built around maintaining the same property tax rate. A slight decline in property tax values results in a property tax decrease of \$11,162. The 2013 budget has \$5,451,616 in revenues and \$5,450,695 in expenditures. Expenditures are budgeted to increase by 2.3% over the 2012 budgeted expenditures. The City does not plan on any major changes to city services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the City of Castle Hills 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 City Hall by phone at 210-342-2341.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government – wide financial statements
- Fund financial statements:
 - Governmental 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 CASTLE HILLS, TEXAS
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities
ASSETS	
Cash	\$ 4,696,220
Investments	1,585,855
Receivables (Net of Allowances for Uncollectible Accounts):	
Property Taxes	1,466,782
Sales and Franchise Taxes	320,671
Garbage, Stormwater and Other Fees	104,023
Prepaid Expenses	90,495
Capital Assets:	
Land	383,700
Buildings and Improvements	2,898,073
Vehicles and Equipment	1,752,535
Infrastructure	527,480
Construction in Progress	309,093
Accumulated Depreciation	(2,430,841)
TOTAL ASSETS	11,704,086
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	351,434
Accrued Expenses	138,782
Unavailable Property Tax Revenue	2,409,992
Net Pension Obligation	256,003
<i>Noncurrent Liabilities:</i>	
Due within One Year	71,104
Due in more than One Year	129,710
TOTAL LIABILITIES	3,357,025
 NET POSITION	
Restricted for:	
Street Repairs	1,085,821
Drainage Improvements	222,244
Police	536,419
Municipal Court	106,192
Other	5,295
Investment in Capital Assets, Net of Related Debt	3,401,363
Unrestricted	2,989,727
TOTAL NET POSITION	\$ 8,347,061

See accompanying notes to basic financial statements.

CITY OF CASTLE HILLS, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net Revenue (Expense) and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary Government:				
<i>Governmental Activities:</i>				
Administration	\$ 716,422	\$ 228,941	\$ 16,860	\$ (470,621)
Municipal Court	142,805	518,784	-	375,979
Police	2,063,890	19,300	13,991	(2,030,599)
Fire Department	1,665,869	8,828	-	(1,657,041)
Streets	305,339	-	-	(305,339)
Sanitation	289,378	504,278	-	214,900
Drainage	60,696	124,331	-	63,635
Interest on Long-Term Debt	3,533	-	-	(3,533)
<i>Total Governmental Activities</i>	<u>5,247,932</u>	<u>1,404,462</u>	<u>30,851</u>	<u>(3,812,619)</u>
Total Government	<u>\$ 5,247,932</u>	<u>\$ 1,404,462</u>	<u>\$ 30,851</u>	<u>(3,812,619)</u>
General Revenues:				
Taxes:				
Property Taxes				2,503,746
Franchise Taxes				420,286
Sales Taxes				1,398,708
Investment Income				25,920
CPS CEID Funds				212,296
Miscellaneous				52,338
Total General Revenues				<u>4,613,294</u>
Change in Net Position				800,675
Net Position at Beginning of Year				<u>7,546,386</u>
Net Position at End of Year				<u>\$ 8,347,061</u>

See accompanying notes to basic financial statements.

CITY OF CASTLE HILLS, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Street Repair Fund		
ASSETS				
Cash	\$ 2,684,238	\$ 1,230,638	\$ 781,344	\$ 4,696,220
Investments	1,495,498	-	90,357	1,585,855
Receivables (Net of Allowances for Uncollectible Accounts):				
Property Taxes	1,466,782	-	-	1,466,782
Sales and Franchise Taxes	239,892	41,347	39,432	320,671
Garbage and Other Fees	93,578	-	10,445	104,023
Due from Other Funds	24,494	-	-	24,494
TOTAL ASSETS	\$ 6,004,482	\$ 1,271,985	\$ 921,578	\$ 8,198,045
LIABILITIES AND FUND BALANCES				
<i>Liabilities:</i>				
Accounts Payable	\$ 138,336	\$ 186,164	\$ 26,934	\$ 351,434
Accrued Expenditures	138,782	-	-	138,782
Unavailable Revenue	2,602,102	-	-	2,602,102
Due to Other Funds	-	-	24,494	24,494
TOTAL LIABILITIES	2,879,220	186,164	51,428	3,116,812
<i>Fund Balances:</i>				
Restricted For:				
Street Repairs	-	1,085,821	-	1,085,821
Drainage Improvements	-	-	222,244	222,244
Police	-	-	536,419	536,419
Municipal Court	-	-	106,192	106,192
Other	-	-	5,295	5,295
Assigned for:				
Memorial Clock	10,004	-	-	10,004
Major Vehicle Purchases	464,940	-	-	464,940
Improvement Projects from CEID	212,296	-	-	212,296
Unassigned	2,438,022	-	-	2,438,022
TOTAL FUND BALANCES	3,125,262	1,085,821	870,150	5,081,233
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,004,482	\$ 1,271,985	\$ 921,578	\$ 8,198,045

See accompanying notes to basic financial statements.

CITY OF CASTLE HILLS, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 5,081,233

Amounts reported for governmental activities in the Statement of Net Position are different because:

Assets created from expenditures paid in advance are not considered financial resources and, therefore, are not reported in the governmental funds. 90,495

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 3,440,040

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds 192,110

Governmental funds report pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities differences between pension plan and other postemployment benefits costs and contributions for the year are reported as an asset or obligation. (256,003)

Long-term liabilities, including accrued compensated absences and capital lease obligations are not due and payable in the current period and, therefore not reported in the governmental funds.

Capital Lease Obligations	(38,677)	
Compensated Absences	(162,137)	(200,814)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 8,347,061

See accompanying notes to basic financial statements.

CITY OF CASTLE HILLS, TEXAS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Street Repair Fund		
REVENUES				
Ad Valorem Taxes	\$ 2,495,780	\$ -	\$ -	\$ 2,495,780
Sales Tax	954,193	228,534	215,980	1,398,707
Franchise Tax	420,286	-	-	420,286
Garbage Fees	458,039	-	-	458,039
Stormwater Fees	-	-	124,331	124,331
Building and Other Permits	217,499	-	-	217,499
Fines and Forfeitures	493,718	-	44,367	538,085
Investment Income	23,499	-	2,421	25,920
CPS CEID Funds	212,296	-	-	212,296
Miscellaneous	61,640	-	53,589	115,229
TOTAL REVENUES	5,336,950	228,534	440,688	6,006,172
EXPENDITURES				
Current:				
Administration	634,054	-	19,123	653,177
Municipal Court	121,699	-	26,452	148,151
Police	1,852,038	-	38,244	1,890,282
Fire	1,478,439	-	-	1,478,439
Streets	232,478	6,341	-	238,819
Sanitation	292,297	-	-	292,297
Drainage	1,970	-	46,726	48,696
Capital Outlay	55,255	325,079	53,872	434,206
Debt Service:				
Principal	36,951	-	-	36,951
Interest and Fiscal Charges	3,533	-	-	3,533
TOTAL EXPENDITURES	4,708,714	331,420	184,417	5,224,551
Net Change in Fund Balance	628,236	(102,886)	256,271	781,621
FUND BALANCES - JANUARY 1	2,497,026	1,188,707	613,879	4,299,612
FUND BALANCES - DECEMBER 31	\$ 3,125,262	\$ 1,085,821	\$ 870,150	\$ 5,081,233

See accompanying notes to basic financial statements.

CITY OF CASTLE HILLS, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 781,621

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense. This is the amount by
which depreciation exceeded capital outlays. (60,251)

The net book value of capital assets disposed does not represent the use of
current financial resources of governmental funds; however, it does consume
net position. This amount represents the net book value of capital assets
disposed during the year. (10,226)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. 54,206

The repayment of the principal of long-term debt consumes the current financial
resources of governmental funds but has no effect on net position. 36,951

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.

Decrease in Prepaid Expenses	\$	624	
Increase in Accrued Compensated Absences		242	
Increase in Net Pension Obligation		(2,492)	(1,626)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 800,675

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 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. The more significant of the City's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The City has the following component unit:

The Castle Hills Crime Control and Prevention District - This entity is legally separate from the City, and was created pursuant to Section 363.051, et Seq. of the Crime Control District Act. The District was created October 1, 2004 to act on behalf of the City of Castle Hills for promotion, development, and enhancement of crime control and prevention within the City. The District is governed by a board appointed by the City Council. For financial reporting purposes, the District is reported as if it were part of the City's operations because its purpose is to benefit the citizens of the City.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the City. The effect of interfund transfers, if any, 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 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.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

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

Separate **fund financial statements** are provided for governmental funds. Two of the City's funds meet the criteria of a **major governmental fund**: General Fund and Street Repair Fund. The City's other nonmajor governmental funds are made up of several special revenue funds: Child Safety, Animal Control, Fiesta, Municipal Court Technology, Municipal Court Security, Municipal Court Efficiency, Police Seizure, Crime Control and Prevention District, Drainage and Citizens Improvement. The major funds are reflected in individual columns and the nonmajor funds are reflected in an aggregate column titled "Nonmajor Funds" in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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. Revenue types, which have been accrued, are revenue from the investments, intergovernmental revenue and charges for services. Property taxes are recognized in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

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 unavailable revenue. Property taxes which were levied and collected within 60 days of the fiscal period are considered revenue for the year ending December 31, 2012. Taxes receivable but not collected within 60 days are used to finance the budget of the fiscal year beginning January 1, 2011 and, accordingly, have been reflected as unavailable revenue and taxes receivable in the fund financial statements at December 31, 2012.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as claims and judgments, are recorded only when the liability has matured and payment is due.

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, sales and franchise taxes, garbage fees, and fines and forfeitures. Primary expenditures are for administration, police, fire, street maintenance, and sanitation.

The Street Repair Fund is used to account for sales tax to be specifically used on the maintenance of streets within the City.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

4. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest) except for money market investments and local government investment pools. Those investments are stated at share price, which approximates fair value.

5. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1, become due October 1 and are 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 are shown net of an allowance for uncollectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the City. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

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 unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible.

6. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Allowances have been established by management based on best available information for a variety of receivables as of December 31, 2012. Allowances for uncollectible accounts have been recorded in the General Fund for \$27,186 and \$11,560 for property taxes and garbage fees, respectively.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

8. BUDGET

An operating budget is adopted each fiscal year for all City funds. The budget is adopted on the GAAP basis of accounting. Additional budgetary information is provided in the required supplementary information.

9. PREPAID ITEMS

Payments to vendors that reflect costs applicable to future periods are recognized as expenditures when paid in the fund financial statements. However, for the government-wide financial statements, these payments are recorded as prepaid expenses on the statement of net position.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$1,000 or more with an estimated useful life in excess of one year. Infrastructure assets include City-owned streets, sidewalks, and curbs. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 35 years
Drainage Improvements	25 to 30 years
Vehicles and Equipment	3 to 15 years
Streets	25 to 35 years

11. COMPENSATED ABSENCES

The liability for compensated absences reported in the government-wide statements consists of unpaid accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The City’s policy is to not allow vacation to be carried over from year to year, but they will pay 160 hours on termination for any employee’s unused sick leave in excess of 1,200 hours.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

12. UNAVAILABLE 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 revenues not expected to be available for the current period are reflected as unavailable revenue.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues, if any, received in advance of expenses/expenditures are reflected as unearned revenue.

13. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities under governmental activities in the statement of net position. On new bond issues, bond premiums and discounts, as well as issuance costs, are amortized over the life of the bond. Bond issuance costs are reported as unamortized charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the period of issuance. 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.

14. NET PENSION OBLIGATION

The net pension obligation represents the cumulative difference between annual pension costs and the City's contribution to the plans, calculated on an actuarial basis consistent with the requirements of Government Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension obligation is reported as a non-current liability in the government-wide financial statements.

15. FUND BALANCE

In the fund financial statements, governmental funds report the following classifications of fund balance:

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

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

Committed - Represents amounts that can be used only for the specific purposes determined by a formal action (adoption of an ordinance) of the government's highest level of decision-making authority (City Council). 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.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

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

15. FUND EQUITY (Continued)

Assigned - Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or City Manager.

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.

16. NET POSITION

Net position represents the difference between assets and liabilities. Net position 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 position 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.

17. INTERFUND TRANSACTIONS

Legally authorized transfers, if any, are treated as interfund transfers and are included in the results of operations of Governmental Funds.

18. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

19. RECLASSIFICATIONS

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation. These reclassifications had no effect on the change in fund balance.

NOTE B -- CASH AND INVESTMENTS

1. Cash

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. At December 31, 2012, all of the City's deposits were fully collateralized.

CITY OF CASTLE HILLS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE B -- CASH AND INVESTMENTS (Continued)

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. The Act requires that the Council review the investment policy at least annually, investment officers obtain minimum investment training, and investment officers sign quarterly investment reports submitted to Council. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the City had complied with those provisions.

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 at December 31, 2012 are as shown below:

<u>Investment</u>	<u>Rating</u>	<u>Reported Value</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
<i>Crime Control and Prevention District:</i>				
Certificate of Deposit		\$ 90,357	\$ 90,357	354
<i>General Fund:</i>				
Certificates of Deposit		602,915	602,915	209
US Treasury Notes		565,578	565,578	582
Texas CLASS External Investment Pool	AAAm	327,005	327,005	50
<i>Total Government</i>		<u>\$ 1,585,855</u>	<u>\$ 1,585,855</u>	318

The certificates of deposit are fully collateralized under the City's depository agreement.

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. 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.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE B -- CASH AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued)

b. 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.

c. 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.

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.

NOTE C -- PROPERTY TAXES

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District. Assessed values are reduced by lawful exemptions to arrive at taxable values. The City uses the October 1 levy to fund the operations of the City for the following calendar year. Since the City has an enforceable legal claim to the property taxes, the receivable is recognized in the year of the levy but the revenue is deferred to the fiscal year for which it is budgeted. Thus, property tax revenue recognized on these 2012 financials is from the collections on the 2011 and prior levies. For the fund financial statements the City accrues property tax collections received within 60 days of year end as this is considered available financial resources to fund current operations.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE C -- PROPERTY TAXES (Continued)

The total taxable value as of January 01, 2011, upon which the fiscal 2012 levy (2011 tax year) was based was \$484,159,120 (i.e., market value less exemptions). The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt.

The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended December 31, 2012, was \$0.501345 per \$100 of assessed value, which means that the City has a tax margin of \$1.998655 for each \$100 of assessed value and could increase its annual levy by approximately \$9,676,670 based upon present assessed valuation before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

NOTE D -- CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

<u>Governmental Activities</u>	Balances at 1/1/2012	Additions	Disposals	Balances at 12/31/2012
Land	\$ 383,700	\$ -	\$ -	\$ 383,700
Buildings and Improvements	2,898,073	-	-	2,898,073
Vehicles and Equipment	1,905,139	41,298	(193,902)	1,752,535
Infrastructure	527,480	-	-	527,480
Construction in Progress	-	309,093	-	309,093
	<u>5,714,392</u>	<u>350,391</u>	<u>(193,902)</u>	<u>5,870,881</u>
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	(935,660)	(88,292)	-	(1,023,952)
Vehicles and Equipment	(1,159,043)	(303,556)	183,676	(1,278,923)
Infrastructure	(109,172)	(18,794)	-	(127,966)
	<u>(2,203,875)</u>	<u>(410,642)</u>	<u>183,676</u>	<u>(2,430,841)</u>
Governmental Capital Assets, Net	<u>\$ 3,510,517</u>	<u>\$ (60,251)</u>	<u>\$ (10,226)</u>	<u>\$ 3,440,040</u>

Depreciation Expense was charged to the governmental functions as follows:

Administration	\$ 68,578
Municipal Court	430
Police	136,016
Fire	152,397
Streets	53,221
Total Depreciation Expense	<u>\$ 410,642</u>

Land and construction in progress are not depreciated.

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE E -- INTERFUND BALANCES

At December 31, 2012, the nonmajor governmental funds owed \$24,494 to the general fund for short-term cash flow borrowings.

NOTE F -- LONG-TERM DEBT

In January 2008, the City entered into a capital lease to lease purchase a Fire Truck. This is a 60 month lease purchase, with annual lease payments due in January 2009 through 2013. The present value of the lease payments is \$176,879 at an interest rate of 4.67%. A down payment of \$260,976 was made upon signing the lease. The vehicle is recorded as a capital asset of the City at a cost of \$437,855, and, as of December 31, 2012, \$430,557 had been recognized in depreciation.

Changes in the City's long-term debt during the fiscal year ending December 31, 2012 follow:

<u>Governmental Activities</u>	<u>Balance Outstanding 1/1/2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding 12/31/2012</u>	<u>Due Within One Year</u>
Capital Lease	\$ 75,628	\$ -	\$ (36,951)	\$ 38,677	\$ 38,677
Accrued Compensated Absences	162,379	32,234	(32,476)	162,137	32,427
Totals	<u>\$ 238,007</u>	<u>\$ 32,234</u>	<u>\$ (69,427)</u>	<u>\$ 200,814</u>	<u>\$ 71,104</u>

The annual requirements to amortize the capital lease as of December 31, 2012, including interest payments, are as follows:

<u>Year End December 31 2013</u>	<u>Capital Lease</u>
	<u>\$ 40,483</u>
Total Minimum Lease Payments	40,483
Less Interest	(1,806)
Present Value of Minimum Payments	<u>\$ 38,677</u>

NOTE G -- 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 (RSI) 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 from TMRS' website at www.TMRS.com.

CITY OF CASTLE HILLS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE G -- PENSION PLAN (Continued)

Plan Description (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the 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	7.0%	7.0%
Matching ratio (city to employee)	1.5 to 1	1.5 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	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by an 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:

Annual Required Contribution (ARC)	\$ 346,834
Interest on Net Pension Obligation	17,746
Adjustment to the ARC	<u>(15,254)</u>
Annual Pension Cost (APC)	349,326
Contributions Made	<u>(346,834)</u>
Increase (Decrease) in Net Pension Obligation	2,492
Net Pension Obligation (Asset), Beginning of Year	<u>253,511</u>
Net Pension Obligation (Asset), End of Year	<u><u>\$ 256,003</u></u>

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE G -- PENSION PLAN (Continued)

Contributions (Continued)

Fiscal Year	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contributed	Increase in Net Pension Obligation
2010	\$ 393,071	\$ 304,858	78%	\$ 88,213
2011	410,923	332,548	81%	78,375
2012	349,326	346,834	99%	2,492

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 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
Amortization Period	27.9 years - Closed Period	27.1 years - Closed Period	26.1 years - Closed Period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Assumptions:			
Investment Rate of Return	7.5%	7.0%	7.0%
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	2.1%	2.1%	2.1%

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2011	\$ 10,811,174	\$ 13,014,528	83.1%	\$ 2,203,354	\$ 2,662,514	82.8%

CITY OF CASTLE HILLS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE G -- 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 H -- OTHER POST EMPLOYMENT BENEFITS

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operating 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 actual 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 2012, 2011, and 2010 were \$4,149, \$5,059, and \$4,791, respectively.

CITY OF CASTLE HILLS, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2012

NOTE I -- CONTINGENCIES AND COMMITMENTS

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management and legal counsel are of the opinion that the City's liability in these cases, if decided adversely to the City, will not have a material effect on the City's financial position.

Commitments

The City has entered into contracts for engineering and construction projects as follows:

	Total Commitment	Expended to Date	Remaining Commitment
2012 Street Projects			
Engineering	\$ 137,936	\$ 126,680	\$ 11,256
Construction	865,524	182,412	683,112
Stormwater Engineering	30,000	8,222	21,778
Total	<u>\$ 1,033,460</u>	<u>\$ 317,314</u>	<u>\$ 716,146</u>

NOTE J -- RISK MANAGEMENT

The City has identified possible risk of losses arising from events such as the following: torts; theft of, damage to, or destruction of assets; errors and omissions; job-related illnesses or injuries to employees; acts of God.

The City contracts with the Texas Municipal League (TML) to provide insurance coverage for identified liability risks. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts up to coverage limits. Annual contributions for the plan year ending September 30, 2012 were \$53,883.

For risks related to workers compensation, the City participates in the Deep East Texas Self Insurance Fund, a public entity risk pool, which is self-sustained through member contributions. The Fund reinsures to statutory limits through commercial companies for claims in excess of \$850,000 for the plan year ending October 31, 2013. The Fund contracts with independent actuaries to determine the adequacy of reserves and fully funds those reserves. The members of Deep East Texas Self Insurance Fund have no known premium liabilities for workers' compensation coverage excess of their contracted annual premium. However, if the assets of the Fund were to be exhausted, members would be liable for their portion of the Fund's liabilities. This would indicate that members would be contingently liable for the portion of the liability applicable to their political entity. Independent auditors conduct a financial audit at the close of each plan year and as of the most recent audit, the Fund has adequate assets to more than cover more than 100% of all liabilities. Annual contributions for the plan year ending October 31, 2013 were \$57,500.



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
- Schedule of Funding Progress – Defined Benefit Pension Plan

CITY OF CASTLE HILLS, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Budget		Actual (Budgetary Basis)	Variance With Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad Valorem Tax	\$ 2,411,327	\$ 2,411,327	\$ 2,495,780	\$ 84,453
Sales Tax	990,600	990,600	954,193	(36,407)
Franchise Tax	415,000	415,000	420,286	5,286
Garbage Fees	407,000	407,000	458,039	51,039
Building and Other Permits	135,000	135,000	217,499	82,499
Fines and Forfeitures	547,200	547,200	493,718	(53,482)
Investment Income	40,000	40,000	23,499	(16,501)
Miscellaneous	72,500	72,500	61,640	(10,860)
TOTAL REVENUES	<u>5,018,627</u>	<u>5,018,627</u>	<u>5,124,654</u>	<u>106,027</u>
EXPENDITURES				
<i>Current:</i>				
Administration	637,071	637,071	634,054	3,017
Municipal Court	120,594	120,594	121,699	(1,105)
Police	1,919,806	1,919,806	1,852,038	67,768
Fire	1,504,950	1,504,950	1,478,439	26,511
Streets	272,492	272,492	232,478	40,014
Sanitation	394,299	394,299	292,297	102,002
Drainage	3,500	3,500	1,970	1,530
Capital Outlay	33,999	33,999	55,255	(21,256)
<i>Debt Service:</i>				
Principal	36,951	36,951	36,951	-
Interest	3,533	3,533	3,533	-
TOTAL EXPENDITURES	<u>4,927,195</u>	<u>4,927,195</u>	<u>4,708,714</u>	<u>218,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>91,432</u>	<u>91,432</u>	<u>415,940</u>	<u>324,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(90,000)	(90,000)	-	90,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>	<u>90,000</u>
Net Change in Fund Balance	<u>1,432</u>	<u>1,432</u>	<u>415,940</u>	<u>414,508</u>

CITY OF CASTLE HILLS, TEXAS
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
DECEMBER 31, 2012

Reconciliation to Fund Statement

The City has segregated funds received from the closure of the City Public Service Community Economic Investment Development (CEID) fund into a separate fund for financial accounting purposes. This fund is consolidated with the General Fund for the basic financial statements; however, it is not included in the budgeting process for the General Fund. It has been excluded from the General Fund Budgetary Statement. The Fund had revenues of \$212,296 and no expenditures during the fiscal year ending December 31, 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 provisions 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 and Crime Control and Prevention District.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level. Actual expenditures did not exceed appropriations in the General Fund or Crime Control and Prevention District.

The City does not use encumbrances.

CITY OF CASTLE HILLS, TEXAS
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT PENSION PLAN
 LAST SEVEN YEARS

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCRUED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2005	\$ 4,906,545	\$ 6,131,503	80.0%	\$ 1,224,958	\$ 2,200,063	55.7%
2006	5,142,091	6,506,764	79.0%	1,364,673	2,300,885	59.3%
2007	5,356,153	8,166,427	65.6%	2,810,274	2,436,981	115.3%
2008	5,071,761	8,048,691	63.0%	2,976,930	2,546,004	116.9%
2009	5,076,075	8,014,070	63.3%	2,937,995	2,619,760	112.1%
2010	10,085,740	12,212,039	82.6%	2,126,299	2,521,617	84.3%
2011	10,811,174	13,014,528	83.1%	2,203,354	2,662,514	82.8%

* 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.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Comparative Statements – General Fund
- Comparative Statements – Street Repair Fund
- Combining Statements – Nonmajor Funds

CITY OF CASTLE HILLS, TEXAS
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Cash	\$ 2,684,238	\$ 2,131,547
Investments	1,495,498	1,300,417
Receivables (Net of Allowances for Uncollectible Accounts):		
Property Taxes	1,466,782	1,598,033
Sales and Franchise Taxes	239,892	232,616
Garbage and Other Fees	93,578	42,793
Accrued Interest	-	3,500
Due from Other Funds	24,494	4,394
TOTAL ASSETS	\$ 6,004,482	\$ 5,313,300
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 138,336	\$ 120,572
Accrued Expenditures	138,782	125,736
Unavailable Revenue	2,602,102	2,569,966
<i>Total Liabilities</i>	<i>2,879,220</i>	<i>2,816,274</i>
 <i>Fund Balance:</i>		
Assigned for:		
Memorial Clock	10,004	10,004
Capital Projects	464,940	384,889
Improvements from CEID	212,296	-
Unassigned	2,438,022	2,102,133
<i>Total Fund Balance</i>	<i>3,125,262</i>	<i>2,497,026</i>
 TOTAL LIABILITIES AND FUND BALANCE	\$ 6,004,482	\$ 5,313,300

CITY OF CASTLE HILLS, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
REVENUES		
Ad Valorem Taxes	\$ 2,495,780	2,371,777
Sales Tax	954,193	902,766
Franchise Taxes	420,286	447,718
Garbage Fees	458,039	414,679
Building and Other Permits	217,499	141,693
Fines and Forfeitures	493,718	479,842
Interest	23,499	31,793
CPS CEID Funds	212,296	-
Miscellaneous	61,640	116,948
TOTAL REVENUES	5,336,950	4,907,216
EXPENDITURES		
Current:		
Administration	634,054	580,891
Municipal Court	121,699	113,024
Police	1,852,038	1,727,675
Fire	1,478,439	1,441,997
Streets	232,478	177,740
Sanitation	292,297	411,330
Drainage	1,970	-
Capital Outlay	55,255	53,833
Debt Service:		
Principal	36,951	35,302
Interest	3,533	5,181
TOTAL EXPENDITURES	4,708,714	4,546,973
Net Change in Fund Balance	628,236	360,243
Fund Balance at Beginning of Year	2,497,026	2,136,783
Fund Balance at End of Year	\$ 3,125,262	\$ 2,497,026

CITY OF CASTLE HILLS, TEXAS
 COMPARATIVE BALANCE SHEETS
 STREET REPAIR FUND
 DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 1,230,638	\$ 1,149,502
Sales Tax Receivable	<u>41,347</u>	<u>39,205</u>
TOTAL ASSETS	<u>\$ 1,271,985</u>	<u>\$ 1,188,707</u>
 LIABILITIES AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	<u>\$ 186,164</u>	<u>\$ -</u>
<i>Total Liabilities</i>	<u>186,164</u>	<u>-</u>
 <i>Fund Balance - Restricted for Streets</i>	 <u>1,085,821</u>	 <u>1,188,707</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 1,271,985</u>	 <u>\$ 1,188,707</u>

CITY OF CASTLE HILLS, TEXAS
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 STREET REPAIR FUND
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
REVENUES		
Sales Tax	\$ 228,534	\$ 215,440
TOTAL REVENUES	228,534	215,440
 EXPENDITURES		
Streets	6,341	73,201
Capital Outlay	325,079	-
TOTAL EXPENDITURES	331,420	73,201
 Net Change in Fund Balance	(102,886)	142,239
 Fund Balances at Beginning of Year	1,188,707	1,046,468
 Fund Balances at End of Year	\$ 1,085,821	\$ 1,188,707

CITY OF CASTLE HILLS, TEXAS
 COMBINING BALANCE SHEETS
 NONMAJOR FUNDS
 DECEMBER 31, 2012
 (WITH COMPARATIVE TOTALS FOR 2011)

	<u>Child Safety</u>	<u>Animal Control</u>	<u>Fiesta</u>	<u>Municipal Court Technology</u>	<u>Municipal Court Security</u>
ASSETS					
Cash	\$ 24,941	\$ 1,021	\$ 4,260	\$ 29,129	\$ 89,348
Investments	-	-	-	-	-
Accounts Receivable	-	-	-	-	-
Sales Tax Receivable	-	-	-	-	-
TOTAL ASSETS	<u>\$ 24,941</u>	<u>\$ 1,021</u>	<u>\$ 4,260</u>	<u>\$ 29,129</u>	<u>\$ 89,348</u>
LIABILITIES AND FUND BALANCE					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 195	\$ 13,347
Due to Other Funds	-	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195</u>	<u>13,347</u>
<i>Restricted Fund Balance</i>	<u>24,941</u>	<u>1,021</u>	<u>4,260</u>	<u>28,934</u>	<u>76,001</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 24,941</u>	<u>\$ 1,021</u>	<u>\$ 4,260</u>	<u>\$ 29,129</u>	<u>\$ 89,348</u>

Municipal Court Efficiency	Police Seizure	Crime Control and Prevention District	Drainage Fund	Citizens Improvement Fund	2012 Total	2011 Total
\$ 1,257	\$ 52,302	\$ 363,497	\$ 214,427	\$ 1,162	\$ 781,344	\$ 487,429
-	-	90,357	-	-	90,357	100,600
-	-	-	10,445	-	10,445	10,445
-	-	39,432	-	-	39,432	37,312
<u>\$ 1,257</u>	<u>\$ 52,302</u>	<u>\$ 493,286</u>	<u>\$ 224,872</u>	<u>\$ 1,162</u>	<u>\$ 921,578</u>	<u>\$ 635,786</u>
\$ -	\$ -	\$ 10,764	\$ 2,628	\$ -	\$ 26,934	\$ 17,513
-	-	23,346	-	1,148	24,494	4,394
-	-	34,110	2,628	1,148	51,428	21,907
<u>1,257</u>	<u>52,302</u>	<u>459,176</u>	<u>222,244</u>	<u>14</u>	<u>870,150</u>	<u>613,879</u>
<u>\$ 1,257</u>	<u>\$ 52,302</u>	<u>\$ 493,286</u>	<u>\$ 224,872</u>	<u>\$ 1,162</u>	<u>\$ 921,578</u>	<u>\$ 635,786</u>

CITY OF CASTLE HILLS, TEXAS
 COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE – NONMAJOR FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2012
 (WITH COMPARATIVE TOTALS FOR 2011)

	Child Safety	Animal Control	Fiesta	Municipal Court Technology	Municipal Court Security
REVENUES					
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and Forfeitures	-	-	-	14,697	11,076
Stormwater Fees	-	-	-	-	-
Investment Income	-	-	-	-	-
Miscellaneous	13,990	654	11,375	-	-
TOTAL REVENUES	<u>13,990</u>	<u>654</u>	<u>11,375</u>	<u>14,697</u>	<u>11,076</u>
EXPENDITURES					
Administration	-	131	11,642	-	-
Municipal Court	-	-	-	15,853	10,379
Police	-	-	-	-	-
Fire	-	-	-	-	-
Drainage	-	-	-	-	-
Capital Outlay	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>131</u>	<u>11,642</u>	<u>15,853</u>	<u>10,379</u>
Net Change in Fund Balance	13,990	523	(267)	(1,156)	697
Beginning Fund Balance	<u>10,951</u>	<u>498</u>	<u>4,527</u>	<u>30,090</u>	<u>75,304</u>
Ending Fund Balance	<u>\$ 24,941</u>	<u>\$ 1,021</u>	<u>\$ 4,260</u>	<u>\$ 28,934</u>	<u>\$ 76,001</u>

Municipal Court Efficiency	Police Seizure	Crime Control and Prevention District	Drainage Fund	Citizens Improvement Fund	2012 Total	2011 Total
\$ -	\$ -	\$ 215,980	\$ -	\$ -	\$ 215,980	\$ 203,821
794	17,800	-	-	-	44,367	34,658
-	-	-	124,331	-	124,331	124,139
-	188	2,220	-	13	2,421	1,825
-	-	22,570	-	5,000	53,589	21,527
<u>794</u>	<u>17,988</u>	<u>240,770</u>	<u>124,331</u>	<u>5,013</u>	<u>440,688</u>	<u>385,970</u>
-	-	-	-	7,350	19,123	10,485
220	-	-	-	-	26,452	21,047
-	722	37,522	-	-	38,244	74,937
-	-	-	-	-	-	1,468
-	-	-	46,726	-	46,726	48,857
-	-	41,872	12,000	-	53,872	43,256
<u>220</u>	<u>722</u>	<u>79,394</u>	<u>58,726</u>	<u>7,350</u>	<u>184,417</u>	<u>200,050</u>
574	17,266	161,376	65,605	(2,337)	256,271	185,920
683	35,036	297,800	156,639	2,351	613,879	427,959
<u>\$ 1,257</u>	<u>\$ 52,302</u>	<u>\$ 459,176</u>	<u>\$ 222,244</u>	<u>\$ 14</u>	<u>\$ 870,150</u>	<u>\$ 613,879</u>

