

**CITY OF CIBOLO, TEXAS**

**ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
SEPTEMBER 30, 2008**

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CITY OF CIBOLO, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

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CITY OF CIBOLO, TEXAS  
ELECTED OFFICIALS  
SEPTEMBER 30, 2008

ELECTED OFFICIALS

MAYOR.....JENNIFER HARTMAN  
COUNCILMEMBER – PLACE 1 ..... RON PEDDE  
COUNCILMEMBER – PLACE 2 ..... TONY KRASNAI  
COUNCILMEMBER – PLACE 3 ..... ATRELL OWENS  
COUNCILMEMBER – PLACE 4 ..... MARK WINN  
COUNCILMEMBER – PLACE 5 ..... DIANE DAVIS  
COUNCILMEMBER – PLACE 6 ..... STEVE LIPAROTO  
COUNCILMEMBER – PLACE 7 ..... RICHARD HETZEL

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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 Cibolo, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cibolo, Texas, as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Cibolo, Texas', management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cibolo, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information and schedule of funding progress on pages 2 through 10 and 44 through 50, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Cibolo, Texas', basic financial statements. The introductory section, nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of these basic financial statements. The nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Armstrong, Vaughan & Assoc., P.C.*

Armstrong, Vaughan & Assoc., P.C.  
February 20, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Cibolo's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2008. Please read it in conjunction with the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City's total combined net assets were \$23,629,097 at September 30, 2008.
- During the year, the City's governmental expenses were \$6,517,487, \$3,854,186 less than the \$10,371,673 generated by charges for services, operating grants, capital grants, and contributions for governmental activities.
- During the year, the City's business-type activities expenses were \$4,510,813, \$3,722,038 less than the \$8,232,851 generated in charges for service and other revenues for business-type activities (water and wastewater services).
- The total expenditures for the City's primary government functions increased from \$3,984,698 for the 2006-07 Fiscal Year to \$5,429,207 for the 2007-08 Fiscal Year, an increase of \$1,444,509 (a 36% increase). Increased expenditures provided primarily for additional personnel, equipment, and fire protection to serve the fast-growing population.
- The General Fund reported a total fund balance this year of \$3,497,156, of which \$3,337,301 is unreserved. The 2006-07 Fiscal Year audit reported a total fund balance of \$3,409,085, of which \$3,083,213 was unreserved.
- No new bonds were issued in the 2008 fiscal period; however, the City has numerous projects in progress from previous bond issues. The projects funded and their current status is as follows:
  - 2006 Revenue Bonds:
    - *FM 1103 Water Tower* – the City has completed construction of a 1.5 million gallon elevated water tower at the southwest corner of FM 1103 and Wiedner Road. This water tower was brought into service November 2008 and is designed to meet the City's demands for ultimate build-out of its CCN.
    - All other projects funded through this bond issuance have been completed.
  - 2006-2007 General Obligation Bonds:
    - *Town Creek East Drainage Improvements, Phase 1* – this project was started in December 2006, and has been completed. It is the first phase of drainage improvements in the Town Creek East watershed to mitigate the impacts of development.
    - *Dobie Creek Drainage Improvements* – this project was started in December 2006, and is completed. It provides for drainage improvements in the Dobie Creek watershed immediately south of Borgfeld Road and adds drainage capacity to handle the impacts of upstream development.

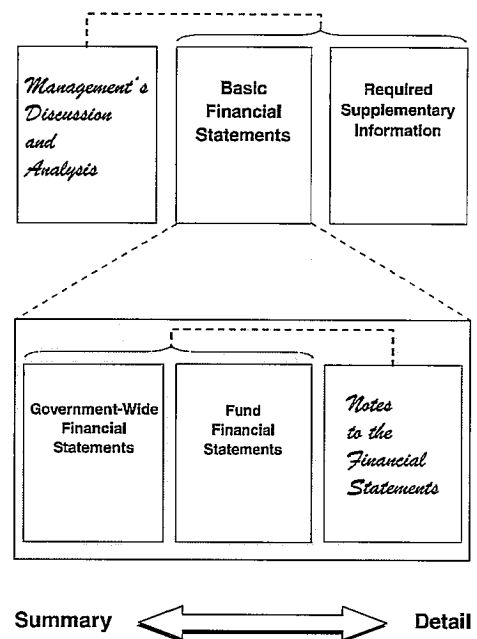
- *Borgfeld Road Pedestrian Bridge* – this project was started in December 2006, and is completed. It provides for safe pedestrian traffic along Borgfeld Road. A sidewalk approaching the pedestrian bridge from the east are being constructed and donated to the City by D.R. Horton and a sidewalk approaching the pedestrian bridge from the west is being constructed and donated to the City by the Schertz Cibolo Universal City Independent School District (SCUCISD).
- *Main Street Reconstruction* – this project was initiated in May 2008 and includes utility system improvements and reconstruction of the roadway. The utility improvements are completed and the roadway improvements are approximately 65% complete. The project is scheduled to be substantially complete by April 2009.
- *New Public Works Facility* – construction commenced on Cibolo’s new public works facility in June 2008. The facility, which also includes a new animal shelter, is scheduled for substantial completion by the end of April 2009.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-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.

### Government-Wide Statements

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

The two government-wide statements report the City's net assets and how they have changed.

Net assets—the difference between the City's assets and liabilities—is one way to measure the City's financial health or *position*.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, one needs to consider additional nonfinancial factors such as changes in the City's tax base

The government-wide financial statements of the City include the *Governmental activities*. Most of the City's basic services are included here, such as public safety, public works, and general administration. Property taxes, franchise fees, sales taxes, and charges for services finance most of these activities.

### Fund Financial Statements

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

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

The City has the following kinds of funds:

- *Governmental funds*—Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information 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 AS A WHOLE

**Table A-1**  
**City's Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		<b>Total Percent Change 2008-2007</b>
<b>ASSETS</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	
<i>Current Assets:</i>							
Cash & Investments	\$ 3,946,089	\$ 3,661,413	\$ 1,017,915	\$ 645,677	\$ 4,964,004	\$ 4,307,090	13.2%
Due From Other Governments	27,830	125,473	-	-	27,830	125,473	-350.9%
Receivables	229,440	39,376	627,587	460,234	857,027	499,610	41.7%
Inventories and Pre-Paid Expenses	18,090	24,100	74,428	41,733	92,518	65,833	28.8%
Bond Issuance Costs (Net)	122,072	129,463	86,207	90,865	208,279	220,328	-5.8%
<i>Total Current Assets</i>	<u>4,343,521</u>	<u>3,979,825</u>	<u>1,806,137</u>	<u>1,238,509</u>	<u>6,149,658</u>	<u>5,218,334</u>	<u>15.1%</u>
<i>Non-Current Assets:</i>							
Capital Assets (net)	13,263,986	7,816,790	12,333,526	4,902,398	25,597,512	12,719,188	50.3%
Restricted Cash and Investments	7,032,777	9,089,738	2,865,473	7,223,484	9,898,250	16,313,222	-64.8%
<i>Total Non-Current Assets</i>	<u>20,296,763</u>	<u>16,906,528</u>	<u>15,198,999</u>	<u>12,125,882</u>	<u>35,495,762</u>	<u>29,032,410</u>	<u>18.2%</u>
<b>TOTAL ASSETS</b>	<u>24,640,284</u>	<u>20,886,353</u>	<u>17,005,136</u>	<u>13,364,391</u>	<u>41,645,420</u>	<u>34,250,744</u>	<u>17.8%</u>
<i>Current Liabilities:</i>							
Accounts Payable & Accrued Liabilities	1,168,712	884,073	666,545	630,536	1,835,257	1,514,609	17.5%
Accrued Leave & Comp Time	117,603	83,747	39,362	25,297	156,965	109,044	30.5%
Accrued Interest Payable	73,202	77,064	42,340	45,146	115,542	122,210	-5.8%
Deposits/Bonds Payable	39,708	34,495	164,430	151,603	204,138	186,098	8.8%
<i>Total Current Liabilities</i>	<u>1,399,225</u>	<u>1,079,379</u>	<u>912,677</u>	<u>852,582</u>	<u>2,311,902</u>	<u>1,931,961</u>	<u>16.4%</u>
<i>Non-Current Liabilities:</i>							
Due w/in 1 Year	222,845	235,738	385,000	325,750	607,845	561,488	7.6%
Due in More Than 1 Year	9,501,576	9,710,172	5,595,000	5,994,250	15,096,576	15,704,422	-4.0%
<i>Total Non-Current Liabilities</i>	<u>9,724,421</u>	<u>9,945,910</u>	<u>5,980,000</u>	<u>6,320,000</u>	<u>15,704,421</u>	<u>16,265,910</u>	<u>-3.6%</u>
<b>TOTAL LIABILITIES</b>	<u>11,123,646</u>	<u>11,025,289</u>	<u>6,892,677</u>	<u>7,172,582</u>	<u>18,016,323</u>	<u>18,197,871</u>	<u>-1.0%</u>
<i>Net Assets:</i>							
Invested in Capital Assets	8,164,016	4,494,034	7,339,992	3,883,385	15,504,008	8,377,419	46.0%
Unrestricted	3,488,774	3,132,280	1,540,011	919,609	5,028,785	4,051,889	19.4%
Restricted	1,863,848	2,234,750	1,232,456	1,388,815	3,096,304	3,623,565	-17.0%
<b>TOTAL NET ASSETS</b>	<u>\$ 13,516,638</u>	<u>\$ 9,861,064</u>	<u>\$ 10,112,459</u>	<u>\$ 6,191,809</u>	<u>\$ 23,629,097</u>	<u>\$ 16,052,873</u>	<u>32.1%</u>

### Net Assets.

The City's combined net assets were \$23,629,097 at September 30, 2008. The City's net assets include restricted and unrestricted net assets. Restricted net assets represent those proceeds that may only be used for specific or limited uses. These restricted assets are comprised primarily from the fees collected through the City's water, wastewater, drainage, and streets impact fee programs and the City's parks development fees. The expenditure of these proceeds is restricted for capital assets.

Unrestricted net assets are those net assets that may be used for any allocations established by the City Council through the budget process. Unrestricted net assets include funds collected and unexpended through revenue streams like sales taxes, franchise fees, interest collected on the City's invested funds and property taxes. The City's balance in unrestricted assets in the governmental activities increased to approximately \$3.5 million from a balance of \$3.1 million for the prior year (an increase of approximately \$350,000 or 11%).

### Primary Sources of Operating Revenues.

The City's governmental and proprietary revenues were \$18,604,524. Approximately 91 percent of the revenues came from the following four sources – capital contributions (30.9 percent), utility charges (26.3 percent), taxes (inclusive of property taxes, sales taxes and franchise fees) (19.8 percent), and construction permits (13.8 percent). New home residential construction experienced a significant slowdown in 2008 and, as a result, the City experienced a significant reduction in its construction permit revenue. This loss was partially offset with increased revenues in property taxes, sales and use taxes, and franchise fee revenues.

Table A-2 below shows the distribution of revenues for the 2007-08 Fiscal Year.

Table A-2 Revenues 2007-08 Fiscal Year		
Source	Revenue	%
Capital Contributions	\$ 5,754,853	30.9%
Utility Charges	4,899,034	26.3%
Taxes	3,691,192	19.8%
Construction Permits	2,560,933	13.8%
Interest	575,595	3.1%
Fines/Forfeitures	523,647	2.8%
Impact Fees	284,673	1.5%
Other Charges for Services	186,418	1.0%
Operating Grants	26,911	0.1%
Miscellaneous	102,268	0.5%
TOTAL	\$ 18,605,524	100.0%

The total cost of all programs and services was \$11,028,300; 59 percent (\$6,517,487) of these costs are for general government services and 41 percent (\$4,510,813) was for utility services.

### Governmental Activities

- Property tax rates were not increased this year. The rate remained \$0.3186 for 2007 (revenue for the 2008 fiscal year). Increased property values resulted in the collection of \$2,679,743 in property tax revenues, an increase of \$702,130 from the previous fiscal year. Historical property taxes rates are presented in the statistical section.
- Sales and use tax revenues for the year were \$594,414, an increase of \$169,075 from the \$425,339 from the previous fiscal year.
- Construction permits generated \$2,560,933 in revenues for the year, a decrease of \$937,390 from the \$3,498,323 collected for the previous fiscal year. Also, impact fees collected for the year were \$284,673, a decrease of \$645,693 from the \$930,366 collected for the previous fiscal year. This decrease was from a reduction in new home construction and especially platting of new subdivisions.

## Changes in Net Assets.

Table A-3 shows the changes in net assets for 2007-08 Fiscal Year.

Table A-3  
Changes in City's Net Assets

Assets	Governmental Activities		Business-Type Activities		Total		Total Percent Change 2008-2007
	2008	2007	2008	2007	2008	2007	
<i>Program Revenues:</i>							
Charges for Services	\$ 3,270,998	\$ 4,114,518	\$ 4,899,034	\$ 3,975,771	\$ 8,170,032	\$ 8,090,289	1.0%
Operating Grants and Contributions	26,911	75,368	-	-	26,911	75,368	-180.1%
Capital Grants and Contributions	2,777,059	-	2,977,794	-	5,754,853	-	100.0%
<i>General Revenues:</i>							
Taxes	3,691,192	2,704,250	-	-	3,691,192	2,704,250	26.7%
Impact Fees	107,475	650,736	177,198	279,630	284,673	930,366	-226.8%
Interest/ Investment	395,770	453,725	178,825	308,452	574,595	762,177	-32.6%
Gain (Loss) on Sale of Assets	1,781	-	-	-	1,781	-	100.0%
Miscellaneous	100,487	50,013	-	-	100,487	50,013	50.2%
<b>TOTAL REVENUES</b>	<b>\$ 10,371,673</b>	<b>\$ 8,048,610</b>	<b>\$ 8,232,851</b>	<b>\$ 4,563,853</b>	<b>\$ 18,604,524</b>	<b>\$ 12,612,463</b>	<b>32.2%</b>
<i>Program Expenditures:</i>							
City Council	\$ 3,162	\$ 5,740	\$ -	\$ -	\$ 3,162	\$ 5,740	-81.5%
Administration	1,026,194	633,996	-	-	1,026,194	633,996	38.2%
Public Safety	1,789,584	1,708,004	-	-	1,789,584	1,708,004	4.6%
Code Enforcement	493,852	615,390	-	-	493,852	615,390	-24.6%
Public Works	1,394,360	694,566	-	-	1,394,360	694,566	50.2%
Parks	356,268	245,021	-	-	356,268	245,021	31.2%
Animal Control	71,226	57,585	-	-	71,226	57,585	19.2%
Community Development	428,246	379,805	-	-	428,246	379,805	11.3%
Fire	491,880	-	-	-	491,880	-	100.0%
Capital Outlay	-	141,494	-	-	-	141,494	-100.0%
Water/ Sewer	-	-	4,246,673	3,711,259	4,246,673	3,711,259	12.6%
Interest on L/T Debt	462,715	274,394	264,140	172,053	726,855	446,447	38.6%
<b>TOTAL EXPENSES</b>	<b>6,517,487</b>	<b>4,755,995</b>	<b>4,510,813</b>	<b>3,883,312</b>	<b>11,028,300</b>	<b>8,639,307</b>	<b>21.7%</b>
<i>Excess (Deficiency) Before Other</i>							
Resources, Uses and Transfers	3,854,186	3,292,615	3,722,038	680,541	7,576,224	3,973,156	47.6%
Transfers In (Out)	(198,612)	(473,427)	198,612	473,427	-	-	N/A
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 3,655,574</b>	<b>\$ 2,819,188</b>	<b>\$ 3,920,650</b>	<b>\$ 1,153,968</b>	<b>\$ 7,576,224</b>	<b>\$ 3,973,156</b>	<b>47.6%</b>

Overall, the City experienced an increase in the overall change of net assets from \$3,973,156 for the 2006-07 Fiscal Year to \$7,576,224 for the 2007-08 Fiscal Year. This is an increase of \$3,603,068.

## Business-Type Activities

Revenues of the City's business-type activities increased \$3,668,998 (80 percent) to a total of \$8,232,851 while expenses increased \$627,501 (16 %) to \$4,510,813. The increase in revenues was due primarily to capital contributions of water and sewer improvements by developers.

Table A-4 presents the cost of each of the City's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$6,517,487.
- However, the amount that our taxpayers paid for these activities through property taxes was \$2,679,743 (or 41.1% of the cost of governmental activities, compared to 41.6% in the prior period).

**Table A-4**  
**Net Cost of Selected City Functions**

City Function	Total Cost of Services			Net Cost (Revenue) of Services		
	2008	2007	% Change	2008	2007	% Change
Administration	\$ 1,026,194	\$ 633,996	61.9%	\$ 856,912	\$ 476,025	80.0%
Law Enforcement & Municipal Court	1,789,584	1,708,004	4.8%	1,239,026	1,189,147	4.2%
Code Enforcement	493,852	615,390	-19.7%	(2,067,081)	(2,882,933)	-28.3%
Public Works	1,394,360	694,566	100.8%	(1,382,699)	694,566	-299.1%
Parks	356,268	245,021	45.4%	347,811	239,059	45.5%
Animal Control	71,226	57,585	23.7%	62,547	48,812	28.1%
Community Development	428,246	379,805	12.8%	428,246	379,805	12.8%
Fire	491,880	-	100.0%	491,880	-	100.0%

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Revenues from governmental fund types totaled \$7,591,050, a decrease of 5.7% percent over the preceding year. The decrease in total revenues is primarily a result of decreased residential construction; however, increases in the ad-valorem tax base offset a large portion of this decrease. The single largest decrease in total revenues was in construction permits (\$1,480,651 less in revenue). Taxes provided the largest increase in local revenues (an additional \$986,331 of revenue).

### General Fund Budgetary Highlights

The City amended the budget over the course of the year. Actual revenues exceeded budgeted revenues by \$413,237, and actual expenditures were less than budgeted expenditures by \$57,922 for the General Fund. Resources available were \$608,783 above the final budgeted amount.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2007-08 Fiscal Year, the City had invested (less accumulated depreciation) \$23,572,504 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-5 below).

**Table A-5**  
**City's Capital Assets**

Assets	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2008	2007	2008	2007	2008	2007	2008-2007
Land	\$ 1,103,507	\$ 553,072	\$ 391,248	\$ 391,248	\$ 1,494,755	\$ 944,320	58.3%
Construction in Progress	3,522,816	1,874,783	2,989,271	949,849	6,512,087	2,824,632	130.5%
Buildings and Improvements	8,910,100	5,768,828	10,210,875	4,741,745	19,120,975	10,510,573	81.9%
Transportation and Equipment	1,665,552	1,101,681	391,175	276,481	2,056,727	1,378,162	49.2%
Totals at Historical Cost	15,201,975	9,298,364	13,982,569	6,359,323	29,184,544	15,657,687	86.4%
Accumulated Depreciation	(1,937,989)	(1,481,574)	(1,649,043)	(1,456,925)	(3,587,032)	(2,938,499)	22.1%
Net Capital Assets	<u>\$ 13,263,986</u>	<u>\$ 7,816,790</u>	<u>\$ 12,333,526</u>	<u>\$ 4,902,398</u>	<u>\$ 25,597,512</u>	<u>\$ 12,719,188</u>	101.3%

### Long Term Debt

At year-end the City had \$15,745,000 in bonds and tax notes outstanding as shown in Table A-6 below. More detailed information about the City's debt is presented in the notes to the financial statements.

### Bond Ratings

The City's bonds presently carry "BBB+" ratings.

Table A-6  
City's Long-Term Debt

Assets	Governmental Activities		Business-Type Activities		Total		Total Percent Change 2008-2007
	2008	2007	2008	2007	2008	2007	
Bonds Payable	\$ 9,765,000	\$ 9,975,000	\$ 5,980,000	\$ 6,320,000	\$ 15,745,000	\$ 16,295,000	-3.5%
Total Bonds and Notes	\$ 9,765,000	\$ 9,975,000	\$ 5,980,000	\$ 6,320,000	\$ 15,745,000	\$ 16,295,000	-3.5%

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

2008 General Obligation Bonds: In November 2008, Cibolo voters approved 5 bond propositions and authorized the issuance of approximately \$27.9 million in bonds to fund roadway, drainage, public safety buildings, and parks/recreation improvements. These bonds are scheduled for issuance over multiple years – 2009, 2011 and 2013. The first phase of projects, which are to be funded in 2009, are scheduled to commence construction in August 2009. These projects account for approximately \$11 million of the total bond program and are:

- *Police Station* – construction scheduled to commence in August 2009 and to be substantially complete by June 2010. It is estimated that this project will cost \$3.5 million. The building is designed to meet projected needs over the next 10 years. The facility includes 12,000 square feet of gross floor area and will house administrative offices, training/meeting space, holding cells, and dispatch facilities.
- *Fire Station* – construction scheduled to commence in August 2009 and to be substantially complete by June 2010. The cost estimate for this facility is \$2.9 million. This is a fire substation that is designed to meet the public safety needs of the population in the northern portion of the City. The facility includes equipment bays, administrative space, training/meeting space, living quarters, and equipment storage.
- *Cibolo Valley Drive North* – design for this project is approximately 80% complete and construction is scheduled to commence in August 2009, and be substantially completed by June 2010. It is projected to cost \$2.3 million and is the widening of the existing two-lane portion of Cibolo Valley Drive from Springtree Hollow north to Old Weiderstein Road. Construction will include curbs and gutters, sidewalks, additional asphalt pavement, and lateral drainage improvements.
- *Cibolo Valley Drive South* – design for this project is approximately 5% complete and construction is scheduled to commence in August 2009, and be substantially completed by June 2010. It is projected to cost \$1.9 million and is the extension of Cibolo Valley Drive from Borgfeld Road south to FM 1103. Construction will include a four-lane section with curbs and gutters and sidewalks on both sides.
- *Remaining Projects* – The remaining projects authorized by the 2008 General Obligation Bond program have a total combined estimated cost of approximately \$16.9 million and are:
  - *Town Creek Regional Detention* – \$5.5 million, Funding in 2011;
  - *Competition Ballfield Complex* – \$3.3 million, Funding in 2011;
  - *Town Creek West Drainage Phase II* – \$3.7 million, Funding in 2013; and
  - *Community Center* – \$4.8 million, Funding in 2013.



Economic Outlook: Since 2000, Cibolo's appraised value has increased from about 25% to 35% annually. Its appraised value increased by 25% the 2007-08 Fiscal Year. The rate of increase in the City's taxable value is projected to slow down in the short term and stabilize in the medium to long range. Projected growth in the taxable value for 2009 is expected to increase by approximately 15%. Residential construction has driven the increase in appraised value since 2000 and if the City experiences significant non-residential growth, it would see its appraised values increasing at a higher rate than what is projected.

Residential construction activity in the City declined significantly for the 2007-08 Fiscal Year, with approximately 500 new homes permitted as opposed to the nearly 800 permitted the prior year. This slow-down in growth has occurred as forecasted by staff over the past several years. A further slow-down is also being experienced for the 2008-2009 fiscal year with new home permits projected to be in the 300 to 350 range. With the current economic climate, it is difficult to predict with any certainty the strength of the residential housing market over the short term. There are a number of regional factors that indicate that Cibolo's housing market is likely to maintain a moderate rate of growth in the short term. One of the primary factors driving this growth will be addition of troops to Randolph Air Force Base, which is projected to bring 5,000 new families to the immediate area over the next couple of years. Cibolo has worked hard to reduce its financial dependence on new home permit revenues over the past two budget cycles and prepare for this slow down in residential growth. The City is now in a financial position to offer a consistent level of service over the short term. It is imperative that the City continue to see significant growth in its non-residential sectors in order to continue to meet its service requirements without having to significantly increase property taxes.

Cibolo has seen significant non-residential activity over the past year. Kalmar is now in the second phase of a major plant expansion that will bring 250 new jobs to the City and Robles is starting construction of a new facility due its substantial growth. Several new retailers and service companies also opened up during the last fiscal year. The continued growth if these sectors will be key to Cibolo expanding its operational functions to meet growing service demands.

As stated earlier, Cibolo is nearing completion of its new Public Works Facility. This project was initiated with a plan to expend approximately \$750,000 of its reserve funds in the General Fund to complete and equip the buildings. This will reduce the unrestricted fund balance in the General Fund to approximately \$2.6 million. The remaining fund balance equates to 5½ months of operating expenses that is nearly double the 90 days of operating capital established by the City's investment policy. Prudent decisions must be made in budgetary expenditures over the next 2 to 3 years, but the City is in a very sound financial position and has an option to allocate up to \$1.3 million of its unrestricted fund balance in the General Fund over the next couple of years to maintain or grow operations should growth in the non-residential sectors fail to develop and mature.

Water supply will be another major factor that determines the City's growth. A recent financial analysis of Cibolo's utility system shows that it can support the issuance of \$13.5 million in bond funding. The ability to support these bonds is extremely important since it shows that Cibolo can fund major projects that will grow its permanent water supply. It is estimated that the City would need approximately \$11 million to increase its water supply to meet long-term growth needs.

## **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 Manager's Office at 210-658-9900.

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## 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 CIBOLO, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Cibolo Economic Development Corporation
<b>ASSETS</b>				
Cash and Investments	\$ 3,946,089	\$ 1,017,915	\$ 4,964,004	\$ 133,124
Receivables (Net of Allowances for Uncollectibles):				
Taxes	155,084	-	155,084	25,062
Other	59,623	3,665	63,288	-
Accounts	-	638,655	638,655	-
Internal Balances	14,733	(14,733)	-	-
Due From Other Governments	27,830	-	27,830	-
Inventories and Prepaid Expenses	18,090	74,428	92,518	-
Restricted Assets:				
Cash and Investments	7,032,777	2,865,473	9,898,250	-
Bond Issuance Costs (Net)	122,072	86,207	208,279	-
Capital Assets:				
Land	1,103,507	391,248	1,494,755	-
Buildings	2,025,008	-	2,025,008	-
Construction in Progress	3,522,816	2,989,271	6,512,087	-
Improvements Other than Buildings/Infrastructure	6,885,092	-	6,885,092	-
Water and Sewer Systems	-	10,210,875	10,210,875	-
Transportation and Equipment	1,665,552	391,175	2,056,727	-
Accumulated Depreciation	(1,937,989)	(1,649,043)	(3,587,032)	-
<b>TOTAL ASSETS</b>	<b>\$ 24,640,284</b>	<b>\$ 17,005,136</b>	<b>\$ 41,645,420</b>	<b>\$ 158,186</b>

See accompanying notes to basic financial statements.

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts Payable	\$ 1,142,305	\$ 653,088	\$ 1,795,393	\$ 12,617
Accrued Liabilities	26,407	13,457	39,864	-
Accrued Compensated Absences	117,603	39,362	156,965	-
Accrued Interest Payable	73,202	42,340	115,542	-
Deposits/Bonds Payable	39,708	164,430	204,138	-
Noncurrent Liabilities:				
Due Within One Year	222,845	385,000	607,845	-
Due in More than One Year	9,501,576	5,595,000	15,096,576	-
<b>TOTAL LIABILITIES</b>	<u>11,123,646</u>	<u>6,892,677</u>	<u>18,016,323</u>	<u>12,617</u>
Net Assets:				
Restricted Net Assets:				
Debt Service	49,441	-	49,441	-
Public Safety, Court Security and Technology	82,223	-	82,223	-
Impact Fees	1,548,822	1,232,456	2,781,278	-
Street Maintenance	183,362	-	183,362	-
Unrestricted Net Assets:				
Invested in Capital Assets, Net of Related Debt	8,164,016	7,339,992	15,504,008	-
Unrestricted	3,488,774	1,540,011	5,028,785	145,569
<b>TOTAL NET ASSETS</b>	<u>13,516,638</u>	<u>10,112,459</u>	<u>23,629,097</u>	<u>145,569</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 24,640,284</u>	<u>\$ 17,005,136</u>	<u>\$ 41,645,420</u>	<u>\$ 158,186</u>

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

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
City Council	\$ 3,162	\$ -	\$ -	\$ -
General Government Administration	1,026,194	169,282	-	-
Law Enforcement and Municipal Court	1,789,584	523,647	26,911	-
Code Enforcement	493,852	2,560,933	-	-
Public Works	1,394,360	-	-	2,777,059
Parks	356,268	8,457	-	-
Animal Control	71,226	8,679	-	-
Community Development	428,246	-	-	-
Fire	491,880	-	-	-
Interest & Fiscal Charges on Long-term Debt	462,715	-	-	-
Total Governmental Activities	6,517,487	3,270,998	26,911	2,777,059
Business-Type Activities:				
Water/Sewer	4,246,673	4,899,034	-	2,977,794
Interest & Fiscal Charges on Long-term Debt	264,140	-	-	-
Total Business-Type Activities	4,510,813	4,899,034	-	2,977,794
Total Primary Government	\$ 11,028,300	\$ 8,170,032	\$ 26,911	\$ 5,754,853
Component Unit:				
Cibolo Economic Development Corporation	\$ 23,589	\$ -	\$ -	\$ -
General Revenues:				
Taxes				
General Property Taxes				
Sales Taxes				
Franchise Taxes				
Impact Fees				
Interest and Investment Earnings				
Gain (Loss) on Sale of Capital Assets				
Miscellaneous				
Total General Revenues				
Transfers In (Out)				
Change in Net Assets				
Net Assets at Beginning of Year				
Net Assets at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Cibolo Economic Development Corporation
\$ (3,162)	\$ -	\$ (3,162)	\$ -
(856,912)	-	(856,912)	-
(1,239,026)	-	(1,239,026)	-
2,067,081	-	2,067,081	-
1,382,699	-	1,382,699	-
(347,811)	-	(347,811)	-
(62,547)	-	(62,547)	-
(428,246)	-	(428,246)	-
(491,880)	-	(491,880)	-
(462,715)	-	(462,715)	-
(442,519)	-	(442,519)	-
-	3,630,155	3,630,155	-
-	(264,140)	(264,140)	-
-	3,366,015	3,366,015	-
(442,519)	3,366,015	2,923,496	-
-	-	-	(23,589)
2,679,743	-	2,679,743	-
594,414	-	594,414	118,710
417,035	-	417,035	-
107,475	177,198	284,673	-
395,770	178,825	574,595	2,027
1,781	-	1,781	-
100,487	-	100,487	-
4,296,705	356,023	4,652,728	120,737
(198,612)	198,612	-	-
3,655,574	3,920,650	7,576,224	97,148
9,861,064	6,191,809	16,052,873	48,421
\$ 13,516,638	\$ 10,112,459	\$ 23,629,097	\$ 145,569

CITY OF CIBOLO, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Other Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 3,904,849	\$ -	\$ 41,240	\$ -
Receivables (net of allowances for uncollectibles):				
Taxes	121,820	-	8,202	25,062
Other	59,623	-	-	-
Due from Other Governments	27,830	-	-	-
Due from Other Funds	14,733	-	-	-
Inventories & Prepaids	18,090	-	-	-
Restricted Assets:				
Cash and Investments	-	5,239,227	-	1,793,550
<b>TOTAL ASSETS</b>	<b>\$ 4,146,945</b>	<b>\$ 5,239,227</b>	<b>\$ 49,442</b>	<b>\$ 1,818,612</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable	\$ 563,904	\$ 574,197	\$ -	\$ 4,205
Accrued Liabilities	26,407	-	-	-
Court Bonds	39,708	-	-	-
Deferred/Unearned Revenues	19,770	-	7,544	-
<b>TOTAL LIABILITIES</b>	<b>649,789</b>	<b>574,197</b>	<b>7,544</b>	<b>4,205</b>
<i>Fund Balances:</i>				
Reserved for:				
Debt Service	-	-	41,898	-
Encumbrances	30,000	-	-	-
Impact Fees	-	-	-	1,548,822
Inventory and Prepaids	18,090	-	-	-
Public Safety, Court Technology and Security	-	-	-	82,223
Street Maintenance	-	-	-	183,362
Designated for Capital Replacement	111,765	-	-	-
Unreserved, undesignated reported in:				
General Fund	3,337,301	-	-	-
Capital Projects Funds	-	4,665,030	-	-
<i>Total Fund Balances</i>	<b>3,497,156</b>	<b>4,665,030</b>	<b>41,898</b>	<b>1,814,407</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 4,146,945</b>	<b>\$ 5,239,227</b>	<b>\$ 49,442</b>	<b>\$ 1,818,612</b>

See accompanying notes to basic financial statements.



Total  
Governmental  
Funds

\$ 3,946,089

155,084

59,623

27,830

14,733

18,090

7,032,777

\$ 11,254,226

\$ 1,142,306

26,407

39,708

27,314

1,235,735

41,898

30,000

1,548,822

18,090

82,223

183,362

111,765

3,337,301

4,665,030

10,018,491

\$ 11,254,226

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

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 10,018,491
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	13,263,986
Bond issue costs are reported as current expenditures in the funds, but are reflected as long-term assets in the Statement of Net Assets and amortized over the life of the bonds.	122,073
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	27,314
Accrued vacation leave payable is not due and payable in the current period and, therefore, not reported in the funds.	(117,603)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.	
Bonds Payable	(9,724,421)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.	<u>(73,202)</u>
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 13,516,638</u>

See accompanying notes to basic financial statements.

CITY OF CIBOLO, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	General Fund	Capital Projects Fund	Debt Service Fund	Other Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,811,338	\$ -	\$ 759,357	\$ 118,710
Construction Permits	2,560,933	-	-	107,475
Charges for Services	8,679	-	-	-
Fines and Forfeitures	491,468	-	-	32,179
Grants	25,087	-	-	1,824
Parks	8,457	-	-	-
Interest/Miscellaneous	409,062	197,611	4,194	54,676
<b>TOTAL REVENUES</b>	<u>6,315,024</u>	<u>197,611</u>	<u>763,551</u>	<u>314,864</u>
<b>EXPENDITURES</b>				
Current:				
City Council	3,162	-	-	-
General Government Administration	830,943	-	-	-
Law Enforcement and Municipal Court	1,624,980	-	-	57,328
Code Enforcement	450,312	-	-	-
Public Works	1,180,770	-	-	75,000
Parks	253,852	-	-	1,820
Animal Control	62,094	-	-	-
Community Development	425,290	-	-	-
Fire	463,656	-	-	-
Capital Projects/Outlay	889,297	2,198,468	-	211,751
Debt Service:				
Principal	195,767	-	210,000	-
Interest and Fiscal Charges	3,752	-	453,281	-
<b>TOTAL EXPENDITURES</b>	<u>6,383,875</u>	<u>2,198,468</u>	<u>663,281</u>	<u>345,899</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(68,851)</u>	<u>(2,000,857)</u>	<u>100,270</u>	<u>(31,035)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Notes Payable	182,124	-	-	-
Proceeds from Sale of Capital Assets	39,450	-	-	-
Transfers In (Out)	(64,652)	-	(67,700)	(66,260)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>156,922</u>	<u>-</u>	<u>(67,700)</u>	<u>(66,260)</u>
Net Change in Fund Balances	88,071	(2,000,857)	32,570	(97,295)
Fund Balances at Beginning of Year	<u>3,409,085</u>	<u>6,665,887</u>	<u>9,328</u>	<u>1,911,702</u>
Fund Balances at End of Year	<u>\$ 3,497,156</u>	<u>\$ 4,665,030</u>	<u>\$ 41,898</u>	<u>\$ 1,814,407</u>

See accompanying notes to basic financial statements.

Total
Governmental
Funds
<u>\$ 3,689,405</u>
2,668,408
8,679
523,647
26,911
8,457
665,543
<u>7,591,050</u>

3,162
830,943
1,682,308
450,312
1,255,770
255,672
62,094
425,290
463,656
3,299,516
405,767
457,033
<u>9,591,523</u>
<u>(2,000,473)</u>

182,124
39,450
<u>(198,612)</u>
<u>22,962</u>
(1,977,511)
<u>11,996,002</u>
<u>\$ 10,018,491</u>

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CITY OF CIBOLO, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,977,511)

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

Governmental funds report capital outlays as expenditures. However, in the  
statement of activities the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense. This is the amount by  
which capital outlays exceeded depreciation. 2,707,806

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

Property Taxes	1,786
Capital Contributions	2,777,059

In the Statement of Activities only the gain on the sale of capital assets is  
reported, whereas in the governmental funds, the proceeds from the sale  
increase financial resources. Thus, the change in net assets differs from the  
change in fund balance by the cost of the capital assets sold. (37,669)

The issuance of long-term debt (e.g. bonds, leases) provides current financial  
resources to governmental funds, but has no effect on net assets.

Proceeds from Notes Payable	(182,124)
-----------------------------	-----------

The repayment of principal of long-term debt consumes the current financial  
resources of governmental funds but has no effect on net assets. 405,767

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.

Compensated Absences	(33,856)
Bond Issue Costs	(7,391)
Loss on Debt Refunding	(2,155)
Accrued Interest Expense	3,862

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 3,655,574
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See accompanying notes to basic financial statements.

CITY OF CIBOLO, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS  
SEPTEMBER 30, 2008

	Business-Type Activities			Total
	Water/Sewer Fund	Water Impact Fund	Sewer Impact Fund	
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 1,017,915	\$ -	\$ -	\$ 1,017,915
Receivables (Net of Allowances for Uncollectibles of \$80,813):				
Accounts	638,655	-	-	638,655
Other	475	-	3,190	3,665
Inventory of Supplies and Prepaids	74,428	-	-	74,428
<i>Total Current Assets</i>	<u>1,731,473</u>	<u>-</u>	<u>3,190</u>	<u>1,734,663</u>
<i>Restricted Assets:</i>				
Cash and Investments	1,636,207	469,143	760,123	2,865,473
<i>Total Restricted Assets</i>	<u>1,636,207</u>	<u>469,143</u>	<u>760,123</u>	<u>2,865,473</u>
Bond Issuance Costs (Net of Accumulated Amortization)	86,207	-	-	86,207
Capital Assets:				
Land	391,248	-	-	391,248
Construction in Progress	2,989,271	-	-	2,989,271
Water and Sewer Systems	10,210,875	-	-	10,210,875
Equipment	391,175	-	-	391,175
Accumulated Depreciation	(1,649,043)	-	-	(1,649,043)
Capital Assets, Net	<u>12,333,526</u>	<u>-</u>	<u>-</u>	<u>12,333,526</u>
<b>TOTAL ASSETS</b>	<u>\$ 15,787,413</u>	<u>\$ 469,143</u>	<u>\$ 763,313</u>	<u>\$ 17,019,869</u>

See accompanying notes to basic financial statements.



CITY OF CIBOLO, TEXAS  
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS (CONTINUED)  
SEPTEMBER 30, 2008

	Business-Type Activities			Total
	Water/Sewer Fund	Water Impact Fund	Sewer Impact Fund	
<b>LIABILITIES AND NET ASSETS</b>				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 653,088	\$ -	\$ -	\$ 653,088
Accrued Expenses	13,457	-	-	13,457
Accrued Leave and Compensatory Time	39,362	-	-	39,362
Accrued Interest Payable	42,340	-	-	42,340
Current Portion of Tax Notes Payable	385,000	-	-	385,000
Due to Other Funds	14,733	-	-	14,733
Customer Deposits	164,430	-	-	164,430
<i>Total Current Liabilities</i>	<u>1,312,410</u>	<u>-</u>	<u>-</u>	<u>1,312,410</u>
<i>Noncurrent Liabilities:</i>				
Tax Notes Payable	5,595,000	-	-	5,595,000
<i>Total Noncurrent Liabilities</i>	<u>5,595,000</u>	<u>-</u>	<u>-</u>	<u>5,595,000</u>
<b>TOTAL LIABILITIES</b>	<u>6,907,410</u>	<u>-</u>	<u>-</u>	<u>6,907,410</u>
<i>Net Assets:</i>				
<i>Restricted Net Assets:</i>				
Impact Fees	-	469,143	763,313	1,232,456
<i>Unrestricted Net Assets:</i>				
Invested in Capital Assets, Net of Related Debt	7,339,992	-	-	7,339,992
Unrestricted	1,540,011	-	-	1,540,011
<b>TOTAL NET ASSETS</b>	<u>8,880,003</u>	<u>469,143</u>	<u>763,313</u>	<u>10,112,459</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 15,787,413</u>	<u>\$ 469,143</u>	<u>\$ 763,313</u>	<u>\$ 17,019,869</u>

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CITY OF CIBOLO, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities			Total
	Water/Sewer Fund	Water Impact Fund	Sewer Impact Fund	
<b>OPERATING REVENUES</b>				
Water Sales	\$ 2,093,301	\$ -	\$ -	\$ 2,093,301
Sewer Sales	1,080,427	-	-	1,080,427
Garbage Service	1,135,765	-	-	1,135,765
Service Fees	577,217	-	-	577,217
Miscellaneous	12,324	-	-	12,324
<b>TOTAL OPERATING REVENUES</b>	<u>4,899,034</u>	<u>-</u>	<u>-</u>	<u>4,899,034</u>
<b>OPERATING EXPENSES</b>				
Water Purchased	134,995	-	-	134,995
Sewage Treatment	713,041	-	-	713,041
Garbage Service	1,233,891	-	-	1,233,891
Salaries and Benefits	442,660	-	-	442,660
Supplies	102,702	-	-	102,702
Equipment Operation	8,005	-	-	8,005
Contractual Services	1,333,645	-	-	1,333,645
Utilities	37,199	-	-	37,199
Insurance	21,310	-	-	21,310
Capital Outlay	27,107	-	-	27,107
Depreciation	192,118	-	-	192,118
<b>TOTAL OPERATING EXPENSES</b>	<u>4,246,673</u>	<u>-</u>	<u>-</u>	<u>4,246,673</u>
<b>OPERATING INCOME (LOSS)</b>	<u>652,361</u>	<u>-</u>	<u>-</u>	<u>652,361</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	136,491	19,491	22,843	178,825
Impact Fees	-	120,991	56,207	177,198
Interest and Fiscal Charges	(264,140)	-	-	(264,140)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(127,649)</u>	<u>140,482</u>	<u>79,050</u>	<u>91,883</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	524,712	140,482	79,050	744,244
Capital Contributions	2,977,794	-	-	2,977,794
Transfers In (Out)	574,503	(361,663)	(14,228)	198,612
<b>CHANGE IN NET ASSETS</b>	<u>4,077,009</u>	<u>(221,181)</u>	<u>64,822</u>	<u>3,920,650</u>
<b>BEGINNING NET ASSETS</b>	<u>4,802,994</u>	<u>690,324</u>	<u>698,491</u>	<u>6,191,809</u>
<b>ENDING NET ASSETS</b>	<u>\$ 8,880,003</u>	<u>\$ 469,143</u>	<u>\$ 763,313</u>	<u>\$ 10,112,459</u>

See accompanying notes to basic financial statements.

CITY OF CIBOLO, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities			
	Water/Sewer Fund	Water Impact Fund	Sewer Impact Fund	Total
<b>Cash Flows From Operating Activities:</b>				
Cash Received From Customers	\$ 4,723,730	\$ -	\$ -	\$ 4,723,730
Cash Paid for Personnel Costs	(421,962)	-	-	(421,962)
Cash Paid to Suppliers	(3,568,895)	(522)	(48,987)	(3,618,404)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>732,873</u>	<u>(522)</u>	<u>(48,987)</u>	<u>683,364</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers In (Out)	593,925	(358,684)	(12,661)	222,580
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>593,925</u>	<u>(358,684)</u>	<u>(12,661)</u>	<u>222,580</u>
<b>Cash Flows From Capital Financing Activities:</b>				
Purchase of Capital Assets	(4,645,454)	-	-	(4,645,454)
Principal Payments on Debt	(340,000)	-	-	(340,000)
Interest and Fiscal Charges Paid	(262,288)	-	-	(262,288)
Impact Fees	-	120,991	56,207	177,198
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<u>(5,247,742)</u>	<u>120,991</u>	<u>56,207</u>	<u>(5,070,544)</u>
<b>Cash Flows From Investing Activities:</b>				
Investment Interest Received	136,493	19,491	22,843	178,827
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>136,493</u>	<u>19,491</u>	<u>22,843</u>	<u>178,827</u>
<b>Net Increase (Decrease) in Cash</b>	<u>(3,784,451)</u>	<u>(218,724)</u>	<u>17,402</u>	<u>(3,985,773)</u>
<b>Beginning Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	645,677	-	-	645,677
Restricted Cash and Cash Equivalents	5,792,896	687,867	742,721	7,223,484
	<u>6,438,573</u>	<u>687,867</u>	<u>742,721</u>	<u>7,869,161</u>
<b>Ending Cash and Cash Equivalents</b>				
Cash and Cash Equivalents	1,017,915	-	-	1,017,915
Restricted Cash and Cash Equivalents	1,636,207	469,143	760,123	2,865,473
	<u>\$ 2,654,122</u>	<u>\$ 469,143</u>	<u>\$ 760,123</u>	<u>\$ 3,883,388</u>

See accompanying notes to basic financial statements.

CITY OF CIBOLO, TEXAS  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-Type Activities			Total
	Water/Sewer Fund	Water Impact Fund	Sewer Impact Fund	
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income	\$ 652,361	\$ -	\$ -	\$ 652,361
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	192,118	-	-	192,118
(Increase) Decrease in Operating Assets:				
Accounts Receivable	(188,132)	-	(3,190)	(191,322)
Inventory of Supplies and Prepaids	(32,695)	-	-	(32,695)
Increase (Decrease) in Operating Liabilities:				
Accounts Payable	75,695	(522)	(45,797)	29,376
Accrued Liabilities	6,634	-	-	6,634
Accrued Leave and Compensatory Time	14,065	-	-	14,065
Customer Deposits	12,827	-	-	12,827
Total Adjustments	80,512	(522)	(48,987)	31,003
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 732,873</b>	<b>\$ (522)</b>	<b>\$ (48,987)</b>	<b>\$ 683,364</b>

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

**NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cibolo operates under a Council-Manager form of government and provides the following services as authorized by its charter: police and fire protection, maintenance of streets, planning and zoning, parks and recreation, general administrative services, water, and sewer services.

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**

In evaluating how to define the government, for financial purposes, management has considered all potential component units and associated component units. The decision to include a potential component unit or associated 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.

Based on the criteria of GASB Statements Nos. 14 and 39, the following is a description of the reporting entity discretely presented in this report:

The Cibolo Economic Development Corporation (EDC) was incorporated on April 11, 2007 in accordance with The Development Corporation Act of 1979 and governed by Section 4B to promote commercial, industrial and manufacturing enterprises in the City of Cibolo. Separate financial statements for the EDC are not issued for the year ended September 30, 2008.

**2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The **government-wide financial statements** (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from the government-wide statements but continues to be reflected on the fund statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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, Capital Projects Fund and Debt Service Fund meet the criteria of **major governmental funds**. The City's only other governmental funds are nonmajor special revenue funds, which are reflected in a single column in the fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash revenue types, which have been accrued, 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 CIBOLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2008

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

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

The 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, law enforcement, code enforcement, public works, parks, and capital acquisition.

**The Capital Projects Fund** is used to account for proceeds from the 2006 Tax Notes issuance and subsequent refunding in 2007, proceeds from the 2007 General Obligation Bond, and other resources specifically designated for capital expenditures.

**The Debt Service Fund** is used to account for ad valorem taxes assessed for the purpose of servicing general obligation debt.

Nonmajor funds include the following special revenue funds: Street Impact Fund, Drainage Impact Fund, Park Fee Fund, Court Technology Fund, Court Security Fund, Police Seizure Fund, Police Special Fund, Police Education Fund and Street Maintenance Fund.

**Proprietary fund level financial statements** are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The City's Proprietary Funds are the Water/Sewer Fund (used to account for the provision of water and sewer services to residents), Water Impact Fund, and the Sewer Impact Fund. The impact funds are used to support the water/sewer system through charging impact fees to new customers to help spread the cost of the entire system over all users. In prior years, the impact funds were included as part of the Water/Sewer Fund. Management has separated the funds beginning in the 2008 fiscal year.

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

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. 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.

CITY OF CIBOLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
SEPTEMBER 30, 2006

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

**4. CASH AND CASH EQUIVALENTS**

For purposes of the statement of cash flows, the Enterprise Funds (Water/Sewer Fund, Water Impact Fund, and Sewer Impact Fund) consider all highly liquid investments including cash in banks, cash on hand, money market accounts, deposits in local government investment pools, certificates of deposit (regardless of maturity), and restricted cash and temporary investments to be cash equivalents.

**5. 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) - (d). 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 participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less. Those investments are stated at amortized cost. Likewise, certificates of deposit are stated at amortized cost (see Note B).

**6. 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 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.

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 deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

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

**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 fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "interfund receivables/payables".

**8. INVENTORIES**

The City accounts for inventories using the consumption method. Inventories consist primarily of supplies and are valued at cost determined by the average cost method.

**9. 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 on page 44.

**10. RESTRICTED ASSETS**

Certain receipts of impact fees are classified as restricted assets on the balance sheet because their use is limited by applicable ordinances. Revenues in special revenue funds are also restricted on the balance sheet because their use is restricted by ordinance or law.

**11. 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 \$10,000 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 assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

General infrastructure assets acquired prior to October 1, 2003, are not reported in the basic financial statements. General infrastructure assets include all streets and other infrastructure assets acquired subsequent to October 1, 2003.

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

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

**11. CAPITAL ASSETS (Continued)**

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

<u>Capital Asset Type</u>	<u>Useful Lives (Years)</u>
Buildings	50 years
Improvements other than buildings	50 years
Infrastructure	50 years
Utility system in service	50 years
Equipment, Furniture & Fixtures	3-10 years

**12. COMPENSATED ABSENCES**

Vested or accumulated vacation leave and compensatory time that is expected to be liquidated with expendable available resources is reported as an expenditure and fund liability of the governmental fund that will pay for it. Amounts of vested or accumulated vacation leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported in the government wide statements. Vested or accumulated vacation leave and compensatory time of the Enterprise Fund is recorded as an expense and liability of that fund as the benefits accrue to employees. Accumulated vacation pay and compensatory time at September 30, 2008, of \$39,362 and \$117,603 has been recorded in accrued liabilities of the Enterprise Fund and Governmental Funds, respectively.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

**13. 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 revenues not expected to be available for the current period are reflected as deferred revenue.

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

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

**14. LONG-TERM OBLIGATIONS**

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

**15. FUND EQUITY**

In the fund financial statements governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Fund reservations include impact fees, capital projects, public safety funds, inventories, and prepaid expenses.

**16. 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.

**17. INTERFUND TRANSACTIONS**

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

**18. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the City, those revenues are charges for electric, water, and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as non-operating.

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

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

19. 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.

20. COMPARATIVE STATEMENTS

Certain reclassifications have been made to the September 30, 2007 financial statements to conform to the September 30, 2008 financial statement presentation. These reclassifications have no effect on the changes in financial position.

**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, 2008, the carrying amount of the City's cash on hand was \$800. The carrying amount of the City's deposits in the bank net of outstanding checks was \$2,004,521 and the bank balance was \$2,166,117. Of the bank balance, \$290,927 was covered by federal deposit insurance and the City's depository had pledged securities having a face value of \$5,390,425 and market value of \$5,468,288 as collateral for the City's deposits. All of the City's cash was fully collateralized.

At September 30, 2008, the component unit's deposits were all in investment accounts.

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.

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

**NOTE B – CASH AND INVESTMENTS (Continued)**

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices and management reports, the City adhered to the requirements of the Act. However, as of September 30, 2008, the City has not formally adopted a set of policies that limit the government’s allowable deposits or investments.

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 September 30, 2008 are as shown below:

	Primary Government		Component Unit	
	Reported Value	Fair Value	Reported Value	Fair Value
Texstar	\$ 7,099,939	\$ 7,094,699	\$ -	\$ -
TexPool	5,890,917	5,888,207	133,124	133,063
Total Investments	<u>\$ 12,990,856</u>	<u>\$ 12,982,906</u>	<u>\$ 133,124</u>	<u>\$ 133,063</u>

**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, 2008, the City’s investments were all in TexPool and TexStar, public funds investment pools 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.

**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.

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

**NOTE B -- CASH AND INVESTMENTS (Continued)**

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 concentrations 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.

**NOTE C -- PROPERTY TAX CALENDAR**

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 Guadalupe County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2007, upon which the fiscal 2008 levy was based, was \$831,411,174 (i.e., market value less exemptions). The estimated market value was \$886,863,142, making the taxable value 93.7% of the estimated market value.

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 September 30, 2008, was \$.3186 per \$100 of assessed value, which means that the City has a tax margin of \$2.1814 for each \$100 value and could increase its annual tax levy by approximately \$18,136,403 based upon the present assessed valuation of \$831,411,174 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 Tax Code by more than three percent (3%) 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.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with generally accepted accounting principles have been recognized as revenue. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.



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

**NOTE D -- CAPITAL ASSETS**

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

<i>Governmental Activities</i>	Balance 10/1/07	Additions	Disposals/ Transfers	Balance 9/30/08
Land	\$ 553,072	\$ 550,435	\$ -	\$ 1,103,507
Buildings	2,025,008	-	-	2,025,008
Improvements Other Than Buildings	3,743,820	3,141,272	-	6,885,092
Transportation and Equipment	1,101,681	684,260	(120,389)	1,665,552
Construction in Progress	1,874,783	1,648,033	-	3,522,816
	<u>9,298,364</u>	<u>6,024,000</u>	<u>(120,389)</u>	<u>15,201,975</u>
Less Accumulated Depreciation:				
Buildings	(296,972)	(50,272)	-	(347,244)
Improvement Other Than Buildings	(624,733)	(291,803)	-	(916,536)
Transportation and Equipment	(559,869)	(197,060)	82,720	(674,209)
	<u>(1,481,574)</u>	<u>(539,135)</u>	<u>82,720</u>	<u>(1,937,989)</u>
Governmental Capital Assets, Net	<u>\$ 7,816,790</u>	<u>\$ 5,484,865</u>	<u>\$ (37,669)</u>	<u>\$ 13,263,986</u>
<i>Business-Type Activities</i>				
Land	\$ 391,248	\$ -	\$ -	\$ 391,248
Water System	3,393,585	877,958	2,417,387	6,688,930
Sewer System	1,348,160	2,099,834	73,951	3,521,945
Transportation and Equipment	276,481	114,694	-	391,175
Construction in Progress	949,849	4,530,760	(2,491,338)	2,989,271
Totals at Historical Cost	<u>6,359,323</u>	<u>7,623,246</u>	<u>-</u>	<u>13,982,569</u>
Less Accumulated Depreciation:				
Water System	(793,134)	(106,964)	-	(900,098)
Sewer System	(526,985)	(56,225)	-	(583,210)
Transportation and Equipment	(136,806)	(28,929)	-	(165,735)
	<u>(1,456,925)</u>	<u>(192,118)</u>	<u>-</u>	<u>(1,649,043)</u>
Business-Type Capital Assets, Net	<u>\$ 4,902,398</u>	<u>\$ 7,431,128</u>	<u>\$ -</u>	<u>\$ 12,333,526</u>

Land and Construction in Progress are not depreciated.

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

**NOTE D -- CAPITAL ASSETS (Continued)**

Depreciation Expense was charged to the governmental functions as follows:

General Government Administration	\$ 41,277
Law Enforcement and Municipal Court	82,336
Code Enforcement	11,006
Public Works	352,323
Animal Control	5,107
Parks	47,086
Total Depreciation Expense - Governmental Activities	<u>\$ 539,135</u>

**NOTE E -- LONG TERM DEBT**

**Primary Government**

Long-term debt and obligations payable at September 30, 2008, comprise the following individual issues:

*General Obligation Bonds:*

\$1,500,000 Certificate, Series 2001, due in annual installments of \$60,000 to \$100,000 through 2021; interest at 4.75% to 5.1%	\$ 1,060,000
\$1,135,000 Certificate, Series 2003, due in annual installments of \$55,000 to \$100,000 through 2017; interest at 3.5% to 4.0%	810,000
\$7,975,000 General Obligation Bond, Series 2007, due in annual installments of \$94,250 to \$590,875 through 2027; interest at 4.5%	<u>7,895,000</u>
<b>Total Governmental Long-Term Obligations</b>	<u><b>\$ 9,765,000</b></u>

*Utility Fund Bonds:*

\$1,250,000 Tax Anticipation Notes, Series 2002, due in annual installments of \$165,000 to \$200,000 through 2009; interest at 2.45% to 4.00%	\$ 200,000
\$3,000,000 Utility Revenue Bonds, Series 2006, due in installments of \$95,000 to \$205,000 through 2026; interest at 4.07%	2,805,000
\$3,025,000 General Obligation Bonds, Series 2007, due in installments of \$35,750 to \$224,125 through 2027; interest at 4.5%	<u>2,975,000</u>
<b>Total Utility Fund Revenue Bonds</b>	<u><b>\$ 5,980,000</b></u>

The City also issued two short term notes payable during the year totaling \$182,124 to purchase new financial software and maintenance equipment. The notes were paid in full before September 30, 2008.

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

**NOTE E -- LONG-TERM DEBT (Continued)**

Changes in Long-Term Liabilities

<u>Governmental Activities</u>	Balance 10/1/07	Additions	Reductions and Refundings	Balance 9/30/08	Due Within One Year
Certificates of Obligation	\$ 2,000,000	\$ -	\$ (130,000)	\$ 1,870,000	\$ 135,000
General Obligation	7,975,000	-	(80,000)	7,895,000	90,000
Notes Payable	13,643	182,124	(195,767)	-	-
Deferred Loss on Refunding	(42,733)	-	2,154	(40,579)	(2,155)
Compensated Absences	83,747	33,856	-	117,603	117,603
<i>Total Governmental Activities</i>	<u>\$10,029,657</u>	<u>\$ 215,980</u>	<u>\$ (403,613)</u>	<u>\$ 9,842,024</u>	<u>\$ 340,448</u>
<u>Business-Type Activities</u>					
Tax Anticipation Notes	\$ 390,000	\$ -	\$ (190,000)	\$ 200,000	\$ 200,000
Revenue Bonds	2,905,000	-	(100,000)	2,805,000	110,000
General Obligation Bond	3,025,000	-	(50,000)	2,975,000	75,000
Compensated Absences	25,297	14,065	-	39,362	39,362
<i>Total Business-Type Activities</i>	<u>6,345,297</u>	<u>14,065</u>	<u>(340,000)</u>	<u>6,019,362</u>	<u>424,362</u>
 Total Government	 <u>\$16,374,954</u>	 <u>\$ 230,045</u>	 <u>\$ (743,613)</u>	 <u>\$15,861,386</u>	 <u>\$ 764,810</u>

The annual requirements to amortize all long-term debt and obligations outstanding as of September 30, 2008, including interest payments, are as follows:

Year Ending September 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 225,000	\$ 434,263	\$ 385,000	\$ 247,113
2010	430,000	419,744	220,000	235,484
2011	450,000	400,181	265,000	225,087
2012	475,000	379,625	280,000	213,373
2013	495,000	358,281	305,000	200,780
2014-2018	2,720,000	1,434,225	1,500,000	808,884
2019-2023	2,675,000	815,913	1,655,000	478,732
2024-2027	2,295,000	212,288	1,370,000	108,598
	<u>\$ 9,765,000</u>	<u>\$ 4,454,520</u>	<u>\$ 5,980,000</u>	<u>\$ 2,518,051</u>
 Average Annual Requirements		 <u>\$ 748,396</u>		 <u>\$ 447,266</u>

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

**NOTE F -- EMPLOYEES' RETIREMENT SYSTEMS**

Texas Municipal Retirement System

**Plan Description**

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

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

Members can retire at ages 60 and above with 5 or more years of service, or with 20 years of service regardless of age. An employee is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**Contributions**

The contribution rate for the employees is 7% of the employee rate, while the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the City's contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City's matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit actuarial cost method is used for determining the City's contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e., December 31, 2006 valuation is effective for rates beginning January 2008.)

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

**NOTE F -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)**

**Other Post-Employment Benefits**

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

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

	Pension			SDBF		
Actuarial Valuation Date	December 31, 2007			December 31, 2007		
Actuarial Cost Method	Projected Unit Credit			Projected Unit Credit		
Amortization Method	Level Percent of Payroll			Level Percent of Payroll		
Remaining Amortization Period	25 years - closed period			25 years - open period		
Asset Valuation Method	Amortized Cost			Fund value		
Investment Rate of Return	7.00%			4.25%		
Projected Salary Increases	varies by age and service			None		
Inflation Rate	3.00%			3.00%		
Cost-of-Living Adjustments	2.1% (3.0% CPI)			None		
City-specific Assumptions:						
Payroll Growth Assumption	3.00%			N/A		
Withdraw Rates for Male/Female	Mid-High/Low			N/A		

Fiscal Year	Pension			SDBF		
	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation	Annual Benefits Cost	Percentage of Required Contribution	Net OPEB Obligation
2005	\$ 115,830	100%	\$ -	\$ 2,951	100%	\$ -
2006	\$ 132,378	100%	\$ -	\$ 3,405	100%	\$ -
2007	\$ 157,659	100%	\$ -	\$ 4,130	100%	\$ -

Additional supplementary three-year trend information may be found on page 51.

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

**NOTE G -- INTERFUND BALANCES**

During the course of normal operations, interfund payables, receivables and transfers are created to reimburse funds for contractual obligations or normal expenditures.

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

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund:</b>		
Special Revenue Funds	\$ -	\$ 64,652
Total	<u>-</u>	<u>64,652</u>
<b>Water/Sewer Fund:</b>		
Debt Service	198,612	-
Water Impact Fund	361,663	-
Sewer Impact Fund	14,228	-
Total	<u>574,503</u>	<u>-</u>
<b>Debt Service Fund:</b>		
Special Revenue Funds	130,912	-
Water/Sewer Fund	-	198,612
Total	<u>130,912</u>	<u>198,612</u>
<b>Water Impact Fund:</b>		
Water/Sewer Fund	-	361,663
Total	<u>-</u>	<u>361,663</u>
<b>Sewer Impact Fund:</b>		
Water/Sewer Fund	-	14,228
Total	<u>-</u>	<u>14,228</u>
<b>Special Revenue Funds:</b>		
General Fund	64,652	-
Debt Service	-	130,912
Total	<u>64,652</u>	<u>130,912</u>
<b>Total</b>	<u>\$ 770,067</u>	<u>\$ 770,067</u>

The Street Maintenance Fund (a special revenue fund) was created during the 2007-2008 fiscal year to account for sales tax received for street maintenance. This sales tax was previously accounted for in the general fund, so a one-time transfer from the general fund to move the beginning fund balance was necessary. The Water and Sewer Impact Funds release reserved funds by transferring capital outlay to the Water/Sewer Fund as capital assets are reported in that fund. The Special Revenue Funds released reserved funds to help cover debt service costs. The Debt Service Fund transferred funds to the Water/Sewer Fund to cover debt service requirements of business-type tax notes.

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

**NOTE G -- INTERFUND BALANCES (Continued)**

The City had the following interfund payables and receivables as of September 30, 2008:

	<u>Due From</u>	<u>Due To</u>
<b>Primary Government</b>		
General Fund		
Water/Sewer Fund	\$ 14,733	\$ -
	<u>14,733</u>	<u>-</u>
Water/Sewer Fund		
General Fund	-	14,733
	<u>-</u>	<u>14,733</u>
 Totals	 <u>\$ 14,733</u>	 <u>\$ 14,733</u>

**NOTE H -- COMMITMENTS AND CONTINGENCIES**

Commitments

The City has entered into contracts for various construction and engineering projects. Estimated future commitments associated with these contracts as of September 30, 2008 are as follows:

<u>Commitments</u>	<u>Estimated Project Cost to City</u>	<u>Expended to Date</u>	<u>Estimated Future Commitment</u>
Elevated Water Storage Tank	\$ 1,845,000	\$ 1,776,200	\$ 68,800
Drainage Improvements	2,402,313	2,220,614	181,699
Street Service Agreement	327,576	320,902	6,674
Main Street Drainage Improvements	275,824	39,046	236,778
Main Street Reconstruction	2,730,721	143,936	2,586,785
Main Street Utility Relocates	828,593	607,912	220,681
Public Works Facility Site Work	555,423	424,506	130,917
Public Works & Animal Control Facility	730,190	56,558	673,632
Totals	<u>\$ 9,695,640</u>	<u>\$ 5,589,674</u>	<u>\$ 4,105,966</u>

Litigation

The City is the subject of various claims and litigation that have arisen in the course of its operations. Management is 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.

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

**NOTE H -- COMMITMENTS AND CONTINGENCIES (Continued)**

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**NOTE I -- 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, 2008 were \$126,947 for property and casualty and workers compensation coverage.

**NOTE J -- SUBSEQUENT EVENT**

Subsequent to the end of the fiscal year, the City issued Certificates of Obligation, Series 2008, with a face value of \$1,600,000. The proceeds will be used to construct a soccer stadium. Through an interlocal agreement, the Cibolo Economic Development Corporation has pledged sales tax revenues to the City to service the debt over the next 20 years.



## 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

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

	Original Budget	Final Budget	2008 Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	2007 Actual (Budgetary Basis)
<b>REVENUES</b>					
<i>Taxes:</i>					
Ad Valorem	\$ 1,883,354	\$ 1,883,354	\$ 1,906,468	\$ 23,114	\$ 1,405,282
Tax Penalty	9,000	9,000	12,131	3,131	11,298
City Sales Tax	360,000	380,000	474,842	94,842	424,463
Bingo/Liquor Fee	1,500	1,500	862	(638)	876
Franchise Taxes	308,800	343,383	417,035	73,652	301,298
<i>Total Taxes</i>	<u>2,562,654</u>	<u>2,617,237</u>	<u>2,811,338</u>	<u>194,101</u>	<u>2,143,217</u>
<i>Construction Permits</i>	<u>2,720,270</u>	<u>2,310,689</u>	<u>2,560,933</u>	<u>250,244</u>	<u>3,498,323</u>
<i>Charges for Services</i>	<u>8,500</u>	<u>8,500</u>	<u>8,679</u>	<u>179</u>	<u>8,773</u>
<i>Fines and Forfeitures</i>	<u>622,100</u>	<u>520,500</u>	<u>491,468</u>	<u>(29,032)</u>	<u>402,482</u>
<i>Grant Income</i>	<u>27,890</u>	<u>27,890</u>	<u>25,087</u>	<u>(2,803)</u>	<u>73,605</u>
<i>Parks:</i>					
Rental Fees	3,700	3,700	6,524	2,824	3,347
Ballfield League Fees	3,500	3,500	1,340	(2,160)	2,447
Coke Machine	300	300	593	293	168
<i>Total Parks</i>	<u>7,500</u>	<u>7,500</u>	<u>8,457</u>	<u>957</u>	<u>5,962</u>
<i>Other Sources:</i>					
Garbage Collection	175,000	175,000	169,282	(5,718)	157,971
Miscellaneous	51,664	102,471	100,487	(1,984)	46,373
Interest	132,000	132,000	139,293	7,293	179,189
<i>Total Other Sources</i>	<u>358,664</u>	<u>409,471</u>	<u>409,062</u>	<u>(409)</u>	<u>383,533</u>
<b>TOTAL REVENUES</b>	<u>\$ 6,307,578</u>	<u>\$ 5,901,787</u>	<u>\$ 6,315,024</u>	<u>\$ 413,237</u>	<u>\$ 6,515,895</u>

CITY OF CIBOLO, 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, 2008  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2007)

	Original Budget	Final Budget	2008 Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	2007 Actual (Budgetary Basis)
<b>EXPENDITURES</b>					
<i>City Council:</i>					
Mayor and Council Meeting					
Expense and Awards	\$ 2,300	\$ 2,300	\$ 813	\$ 1,487	\$ 1,394
Contingency	3,100	3,100	1,544	1,556	2,227
Contractual Services	-	-	-	-	1,626
Utilities	1,140	1,140	805	335	493
<i>Total City Council</i>	<u>6,540</u>	<u>6,540</u>	<u>3,162</u>	<u>3,378</u>	<u>5,740</u>
<i>General Government Administration:</i>					
Salaries & Fringe Benefits	395,203	395,203	378,288	16,915	317,631
Supplies	22,659	20,313	16,222	4,091	16,703
Maintenance	6,500	7,100	5,778	1,322	3,347
Contractual Services	405,513	340,578	383,812	(43,234)	273,218
Utilities	43,040	53,040	46,843	6,197	38,644
Capital Outlay	79,729	84,007	145,708	(61,701)	15,767
<i>Total General Government Administration</i>	<u>952,644</u>	<u>900,241</u>	<u>976,651</u>	<u>(76,410)</u>	<u>665,310</u>
<i>Law Enforcement and Municipal Court:</i>					
Salaries & Fringe Benefits	1,441,287	1,407,434	1,324,545	82,889	1,028,184
Supplies	41,700	41,700	24,363	17,337	25,066
Equipment Operations	96,604	96,604	93,809	2,795	73,333
Contractual Services	560,075	187,299	177,722	9,577	473,722
Utilities	35,950	35,950	33,284	2,666	34,346
Capital Outlay	143,000	184,729	180,955	3,774	114,303
<i>Total Law Enforcement and Municipal Court</i>	<u>2,318,616</u>	<u>1,953,716</u>	<u>1,834,678</u>	<u>119,038</u>	<u>1,748,954</u>
<i>Code Enforcement:</i>					
Salaries and Fringe Benefits	438,937	317,640	315,789	1,851	353,008
Supplies	35,300	16,965	16,091	874	14,169
Maintenance	8,500	3,500	1,485	2,015	1,368
Contractual Services	180,100	136,900	114,483	22,417	218,207
Utilities	3,456	3,456	2,464	992	-
Capital Outlay	-	23,700	23,597	103	38,144
<i>Total Code Enforcement</i>	<u>\$ 666,293</u>	<u>\$ 502,161</u>	<u>\$ 473,909</u>	<u>\$ 28,252</u>	<u>\$ 624,896</u>

CITY OF CIBOLO, 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, 2008  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2007)

	Original Budget	Final Budget	2008 Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	2007 Actual (Budgetary Basis)
<b>EXPENDITURES (Cont.)</b>					
<i>Public Works:</i>					
Salaries and Fringe Benefits	\$ 548,832	\$ 502,834	\$ 456,571	\$ 46,263	\$ 351,790
Supplies	65,450	65,450	64,392	1,058	98,552
Maintenance	39,500	110,000	97,736	12,264	20,828
Contractual Services	580,103	620,895	631,806	(10,911)	647
Utilities	6,040	6,040	5,265	775	5,087
Capital Outlay	438,135	456,135	550,804	(94,669)	160,723
<i>Total Public Works</i>	<u>1,678,060</u>	<u>1,761,354</u>	<u>1,806,574</u>	<u>(45,220)</u>	<u>637,627</u>
<i>Parks:</i>					
Salaries & Fringe Benefits	203,069	207,961	186,028	21,933	145,127
Supplies	16,805	26,833	22,072	4,761	13,781
Maintenance	29,500	24,000	15,557	8,443	16,431
Contractual Services	48,460	63,710	55,351	8,359	19,509
Utilities	13,500	13,580	10,061	3,519	10,384
Capital Outlay	65,100	205,100	162,588	42,512	64,597
<i>Total Parks</i>	<u>376,434</u>	<u>541,184</u>	<u>451,657</u>	<u>89,527</u>	<u>269,829</u>
<i>Animal Control:</i>					
Salaries and Fringe Benefits	43,325	43,325	43,500	(175)	39,073
Supplies	12,860	12,860	8,137	4,723	2,088
Maintenance	2,875	2,875	1,358	1,517	-
Contractual Service	11,290	11,290	9,099	2,191	10,675
Capital Outlay	10,365	10,365	4,222	6,143	25,536
<i>Total Animal Control</i>	<u>80,715</u>	<u>80,715</u>	<u>66,316</u>	<u>14,399</u>	<u>77,372</u>
<i>Community Development:</i>					
Salaries and Fringe Benefits	140,215	140,640	141,466	(826)	114,503
Supplies	19,925	20,829	16,920	3,909	10,938
Contractual Service	440,004	348,904	266,904	82,000	248,599
Capital Outlay	-	471	471	-	13,558
<i>Total Community Development</i>	<u>\$ 600,144</u>	<u>\$ 510,844</u>	<u>\$ 425,761</u>	<u>\$ 85,083</u>	<u>\$ 387,598</u>

CITY OF CIBOLO, 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, 2008  
(WITH COMPARATIVE ACTUAL TOTALS FOR 2007)

	Original Budget	Final Budget	2008 Actual (Budgetary Basis)	Variance Favorable (Unfavorable)	2007 Actual (Budgetary Basis)
<b>EXPENDITURES (Cont.)</b>					
<i>Fire:</i>					
Salaries and Fringe Benefits	\$ -	\$ 92,608	\$ 82,968	\$ 9,640	\$ -
Supplies	-	8,763	4,253	4,510	-
Maintenance	-	3,800	950	2,850	-
Contractual Service	-	382,470	375,485	6,985	-
Capital Outlay	-	24,312	23,070	1,242	-
<i>Total Fire</i>	-	511,953	486,726	25,227	-
<i>Debt Service:</i>					
Principal	13,643	13,643	195,767	182,124	16,224
Interest and Fiscal Charges	524	524	3,752	3,228	1,149
<i>Total Debt Service</i>	14,167	14,167	199,519	185,352	17,373
<b>TOTAL EXPENDITURES</b>	<b>6,693,613</b>	<b>6,782,875</b>	<b>6,724,953</b>	<b>57,922</b>	<b>4,434,699</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(386,035)</b>	<b>(881,088)</b>	<b>(409,929)</b>	<b>471,159</b>	<b>2,081,196</b>
<i>Other Financing Sources and Uses:</i>					
Proceeds from Notes Payable	-	-	182,124	182,124	-
Proceeds from Sale of Capital Assets	-	10,950	39,450	28,500	-
Transfer of Reserved Fund Balances	(64,652)	(64,652)	(64,652)	-	(1,474,698)
Transfers In	272,085	414,078	341,078	(73,000)	-
Transfers Out	-	-	-	-	(233,431)
<i>Total Other Financing Sources and Uses</i>	<i>207,433</i>	<i>360,376</i>	<i>498,000</i>	<i>137,624</i>	<i>(1,708,129)</i>
<b>Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures</b>	<b>(178,602)</b>	<b>(520,712)</b>	<b>88,071</b>	<b>608,783</b>	<b>373,067</b>
Fund Balance - October 1	3,409,085	3,409,085	3,409,085	-	3,036,018
Fund Balance - September 30	<u>\$ 3,230,483</u>	<u>\$ 2,888,373</u>	<u>\$ 3,497,156</u>	<u>\$ 608,783</u>	<u>\$ 3,409,085</u>

CITY OF CIBOLO, TEXAS  
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
SEPTEMBER 30, 2008

NOTE A - BUDGET-TO-ACTUAL RECONCILIATION

	General Fund
Actual expenditures (budgetary basis) from the budgetary comparison schedule	<u>\$ 6,724,953</u>
Differences - budget to GAAP:	
Transfers from special revenue funds to reimburse the General Fund are treated as expenditures and transfers in for the budgetary basis but are shown net for financial reporting purposes	<u>(341,078)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 6,383,875</u></u>

NOTE B - BUDGETARY INFORMATION

The budget is prepared on a modified accrual basis of accounting. The basis differs from GAAP by recording reimbursements from other funds as transfers in rather than reductions to the expenditure. 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 Debt Service Fund.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

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. All budget appropriations lapse following the close of the budget year to the extent that they are not expended or encumbered.

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

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	\$ 938,093	\$ 1,083,921	86.5%	\$ 145,828	\$ 1,310,133	11.1%
2006	\$ 1,213,145	\$ 1,378,619	88.0%	\$ 165,474	\$ 1,748,714	9.5%
2007	\$ 1,540,552	\$ 2,162,891	71.2%	\$ 622,339	\$ 2,212,664	28.1%

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

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

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## OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes combining and individual 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:

- Combining Statements – Special Revenue Funds
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Funds
- Comparative Balance Sheets – General Fund
- Comparative Statements – Capital Projects Fund
- Comparative Statements – Debt Service
- Combining Statements – Special Revenue Funds
- Comparative Statements – Enterprise Water/Sewer
- Comparative Statements – Enterprise Water Impact
- Comparative Statements – Enterprise Sewer Impact
- Comparative Statements – Cibola Economic Development Corporation

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

**SPECIAL REVENUE FUNDS**

Special Revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Street Impact Fund** – to account for the fees charged for new development and the corresponding restricted expenditures for street maintenance.

**Drainage Impact Fund** – to account for the fees charged for new development and the corresponding restricted expenditures for drainage improvements.

**Park Fee Fund** – to account for the fees charged for new development and the corresponding restricted expenditures for capital improvements, maintenance, and land acquisition.

**Court Technology Fund** – to account for the fees charged in conjunction with municipal fines and the corresponding restricted expenditures for improving and maintaining court technology.

**Court Security Fund** – to account for the fees charged in conjunction with municipal fines and the corresponding restricted expenditures for the security of the court.

**Police Seizure Fund** – to account for state and federal forfeiture proceeds and the corresponding restricted expenditures.

**Police Special Fund** – to account for other restricted police proceeds and the corresponding restricted expenditures.

**Police Education Fund** – to account for education grants and the corresponding restricted expenditures.

**Street Maintenance Fund** – to account for sales taxes restricted for street maintenance.

CITY OF CIBOLO, TEXAS  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
SEPTEMBER 30, 2008 AND 2007

	Street Impact Fund	Drainage Impact Fund	Park Fee Fund	Court Technology Fund
<b>ASSETS</b>				
Cash and Investments - Restricted	\$ 452,325	\$ 547,430	\$ 553,272	\$ 18,385
Taxes Receivable	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 452,325</u>	<u>\$ 547,430</u>	<u>\$ 553,272</u>	<u>\$ 18,385</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Liabilities:</i>				
Accounts Payable - Developers	\$ 2,918	\$ 1,287	\$ -	\$ -
<i>Total Liabilities</i>	<u>2,918</u>	<u>1,287</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>				
Reserved for Capital				
Improvement (Impact Fees)	449,407	546,143	553,272	-
Reserved for Street Maintenance	-	-	-	-
Reserved for Police Special	-	-	-	-
Reserved for Court Special	-	-	-	18,385
<i>Total Fund Balances</i>	<u>449,407</u>	<u>546,143</u>	<u>553,272</u>	<u>18,385</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 452,325</u>	<u>\$ 547,430</u>	<u>\$ 553,272</u>	<u>\$ 18,385</u>

Court Security Fund	Police Seizure Fund	Police Special Fund	Police Education Fund	Street Maintenance Fund	<b>Totals</b> <b>2008</b>	<b>Totals</b> <b>2007</b>
\$ 26,841	\$ 14,823	\$ 6,777	\$ 15,397	\$ 158,300	\$ 1,793,550	\$ 1,948,053
-	-	-	-	25,062	25,062	-
<u>\$ 26,841</u>	<u>\$ 14,823</u>	<u>\$ 6,777</u>	<u>\$ 15,397</u>	<u>\$ 183,362</u>	<u>\$ 1,818,612</u>	<u>\$ 1,948,053</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,205	\$ 36,351
-	-	-	-	-	4,205	36,351
-	-	-	-	-	1,548,822	1,796,227
-	-	-	-	183,362	183,362	-
-	14,823	6,777	15,397	-	36,997	54,579
26,841	-	-	-	-	45,226	60,896
<u>26,841</u>	<u>14,823</u>	<u>6,777</u>	<u>15,397</u>	<u>183,362</u>	<u>1,814,407</u>	<u>1,911,702</u>
<u>\$ 26,841</u>	<u>\$ 14,823</u>	<u>\$ 6,777</u>	<u>\$ 15,397</u>	<u>\$ 183,362</u>	<u>\$ 1,818,612</u>	<u>\$ 1,948,053</u>

CITY OF CIBOLO, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES – SPECIAL REVENUE FUNDS  
 YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	Street Impact Fund	Drainage Impact Fund	Park Fee Fund	Court Technology Fund
<b>REVENUES</b>				
Sales Tax	\$ -	\$ -	\$ -	\$ -
Construction Permits	-	-	107,475	-
Fines and Forfeitures	-	-	-	18,469
Grants	-	-	-	-
Other Sources	15,703	19,568	17,332	777
<b>TOTAL REVENUES</b>	<u>15,703</u>	<u>19,568</u>	<u>124,807</u>	<u>19,246</u>
<b>EXPENDITURES</b>				
Law Enforcement and Municipal Court	-	-	-	40,585
Public Works	75,000	-	-	-
Parks	-	-	1,820	-
Capital Outlay	-	-	199,751	-
<b>TOTAL EXPENDITURES</b>	<u>75,000</u>	<u>-</u>	<u>201,571</u>	<u>40,585</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(59,297)</u>	<u>19,568</u>	<u>(76,764)</u>	<u>(21,339)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer of Reserved Fund Balances	-	-	-	-
Operating Transfers In (Out)	-	(130,912)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(130,912)</u>	<u>-</u>	<u>-</u>
<b>Changes in Fund Balance</b>	(59,297)	(111,344)	(76,764)	(21,339)
Fund Balances - Beginning	<u>508,704</u>	<u>657,487</u>	<u>630,036</u>	<u>39,724</u>
Fund Balances - Ending	<u>\$ 449,407</u>	<u>\$ 546,143</u>	<u>\$ 553,272</u>	<u>\$ 18,385</u>

<u>Court Security Fund</u>	<u>Police Seizure Fund</u>	<u>Police Special Fund</u>	<u>Police Education Fund</u>	<u>Street Maintenance Fund</u>	<u>Totals 2008</u>	<u>Totals 2007</u>
\$ -	\$ -	\$ -	\$ -	\$ 118,710	\$ 118,710	\$ -
-	-	-	-	-	107,475	650,736
13,710	-	-	-	-	32,179	41,007
-	-	-	1,824	-	1,824	1,763
402	337	211	346	-	54,676	99,722
<u>14,112</u>	<u>337</u>	<u>211</u>	<u>2,170</u>	<u>118,710</u>	<u>314,864</u>	<u>793,228</u>
8,443	-	4,300	4,000	-	57,328	-
-	-	-	-	-	75,000	-
-	-	-	-	-	1,820	-
-	12,000	-	-	-	211,751	32,140
<u>8,443</u>	<u>12,000</u>	<u>4,300</u>	<u>4,000</u>	<u>-</u>	<u>345,899</u>	<u>32,140</u>
5,669	(11,663)	(4,089)	(1,830)	118,710	(31,035)	761,088
-	-	-	-	64,652	64,652	1,474,698
-	-	-	-	-	(130,912)	(324,084)
-	-	-	-	64,652	(66,260)	1,150,614
5,669	(11,663)	(4,089)	(1,830)	183,362	(97,295)	1,911,702
<u>21,172</u>	<u>26,486</u>	<u>10,866</u>	<u>17,227</u>	<u>-</u>	<u>1,911,702</u>	<u>-</u>
<u>\$ 26,841</u>	<u>\$ 14,823</u>	<u>\$ 6,777</u>	<u>\$ 15,397</u>	<u>\$ 183,362</u>	<u>\$ 1,814,407</u>	<u>\$ 1,911,702</u>

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CITY OF CIBOLO, TEXAS  
COMPARATIVE BALANCE SHEETS  
GENERAL FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Investments	\$ 3,904,849	\$ 3,652,085
Receivables (net of allowances for uncollectibles):		
Property Taxes	121,820	19,958
Other	59,623	21,704
Due from Other Funds	14,733	-
Due from Other Governments	27,830	125,473
Inventories & Prepaids	18,090	19,100
<b>TOTAL ASSETS</b>	<u><u>\$ 4,146,945</u></u>	<u><u>\$ 3,838,320</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 563,904	\$ 340,919
Accrued Liabilities	26,407	26,005
Court Bonds	39,708	34,495
Due to Other Funds	-	9,234
Deferred/Unearned Revenues	19,770	18,582
<b>TOTAL LIABILITIES</b>	<u><u>649,789</u></u>	<u><u>429,235</u></u>
<i>Fund Balances:</i>		
Reserved for:		
Encumbrances	30,000	-
Inventory and Prepaids	18,090	19,100
Streets	-	48,421
Designated for Capital Replacement	111,765	258,351
Unreserved, Undesignated	3,337,301	3,083,213
<i>Total Fund Balances</i>	<u><u>3,497,156</u></u>	<u><u>3,409,085</u></u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u><u>\$ 4,146,945</u></u>	<u><u>\$ 3,838,320</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE BALANCE SHEETS  
CAPITAL PROJECTS FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Investments - Restricted	\$ 5,239,227	\$ 7,141,685
Prepays	<u>-</u>	<u>5,000</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,239,227</u></b>	<b><u>\$ 7,146,685</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Accounts Payable	\$ 574,197	\$ 480,798
<i>Total Liabilities</i>	<u>574,197</u>	<u>480,798</u>
<i>Fund Balance:</i>		
Reserve for Prepays	-	5,000
Unreserved	<u>4,665,030</u>	<u>6,660,887</u>
<i>Total Fund Balances</i>	<u>4,665,030</u>	<u>6,665,887</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 5,239,227</u></b>	<b><u>\$ 7,146,685</u></b>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – CAPITAL PROJECTS FUND  
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Interest/Miscellaneous	<u>\$ 197,611</u>	<u>\$ 171,257</u>
<b>TOTAL REVENUES</b>	<u>197,611</u>	<u>171,257</u>
<b>EXPENDITURES</b>		
Capital Outlay	2,198,468	1,695,981
Bond Issuance Costs	-	85,071
<b>TOTAL EXPENDITURES</b>	<u>2,198,468</u>	<u>1,781,052</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,000,857)</u>	<u>(1,609,795)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from Bonds Payable	-	7,975,000
Operating Transfers Out	-	(2,620,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>5,355,000</u>
<b>Changes in Fund Balance</b>	<u>(2,000,857)</u>	<u>3,745,205</u>
Fund Balances - Beginning	<u>6,665,887</u>	<u>2,920,682</u>
Fund Balances - Ending	<u><u>\$ 4,665,030</u></u>	<u><u>\$ 6,665,887</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE BALANCE SHEETS  
DEBT SERVICE FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Investments	\$ 41,240	\$ 9,328
Receivables (Net of Allowances for Uncollectibles):		
Property Taxes	<u>8,202</u>	<u>6,948</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 49,442</u></u>	<u><u>\$ 16,276</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Liabilities:</i>		
Deferred Revenue	<u>\$ 7,544</u>	<u>\$ 6,948</u>
<i>Total Liabilities</i>	<u>7,544</u>	<u>6,948</u>
<i>Fund Balance:</i>		
Unreserved	<u>41,898</u>	<u>9,328</u>
<i>Total Fund Balances</i>	<u>41,898</u>	<u>9,328</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 49,442</u></u>	<u><u>\$ 16,276</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – DEBT SERVICE FUND  
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Taxes	\$ 759,357	\$ 559,857
Interest/Miscellaneous	<u>4,194</u>	<u>7,194</u>
<b>TOTAL REVENUES</b>	<u>763,551</u>	<u>567,051</u>
<b>EXPENDITURES</b>		
Debt Service:		
Principal	210,000	3,120,000
Interest & Fiscal Charges	<u>453,281</u>	<u>202,261</u>
<b>TOTAL EXPENDITURES</b>	<u>663,281</u>	<u>3,322,261</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>100,270</u>	<u>(2,755,210)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating Transfers In (Out)	<u>(67,700)</u>	<u>2,782,426</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(67,700)</u>	<u>2,782,426</u>
<b>Changes in Fund Balance</b>	32,570	27,216
<b>Fund Balances - Beginning</b>	<u>9,328</u>	<u>(17,888)</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 41,898</u></u>	<u><u>\$ 9,328</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS – WATER/SEWER FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<i>Current Assets:</i>		
Cash and Investments	\$ 1,017,915	\$ 645,677
Receivables (Net of Allowances for Uncollectibles):		
Accounts	638,655	451,000
Other	475	-
Due from General Fund	-	4,689
Inventory of Supplies and Prepaids	74,428	41,733
<i>Total Current Assets</i>	<u>1,731,473</u>	<u>1,143,099</u>
<i>Restricted Assets:</i>		
Cash and Cash Investments	<u>1,636,207</u>	<u>5,792,896</u>
<i>Total Restricted Assets</i>	<u>1,636,207</u>	<u>5,792,896</u>
Bond Issuance Costs (Net of Accumulated Amortization)	<u>86,207</u>	<u>90,865</u>
Capital Assets:		
Land	391,248	391,248
Construction in Progress	2,989,271	949,849
Water and Sewer Systems	10,210,875	4,741,745
Equipment	391,175	276,481
Accumulated Depreciation	<u>(1,649,043)</u>	<u>(1,456,925)</u>
Capital Assets, Net of Accumulated Depreciation	<u>12,333,526</u>	<u>4,902,398</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,787,413</u></u>	<u><u>\$ 11,929,258</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS  
WATER/SEWER FUND (CONTINUED)  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 653,088	\$ 577,395
Accrued Expenses	13,457	6,823
Accrued Leave and Compensatory Time	39,362	25,297
Accrued Interest Payable	42,340	45,146
Current Portion of Bonds Payable	385,000	325,750
Due to Other Funds	14,733	-
Customer Deposits	164,430	151,603
<i>Total Current Liabilities</i>	<u>1,312,410</u>	<u>1,132,014</u>
<i>Noncurrent Liabilities:</i>		
Tax Notes Payable	<u>5,595,000</u>	<u>5,994,250</u>
<i>Total Noncurrent Liabilities</i>	<u>5,595,000</u>	<u>5,994,250</u>
<b>TOTAL LIABILITIES</b>	<u>6,907,410</u>	<u>7,126,264</u>
<b>Net Assets:</b>		
<i>Unrestricted:</i>		
Invested in Capital Assets, net of related debt	7,339,992	3,883,385
Unrestricted	<u>1,540,011</u>	<u>919,609</u>
<b>TOTAL NET ASSETS</b>	<u>8,880,003</u>	<u>4,802,994</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 15,787,413</u>	<u>\$ 11,929,258</u>

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CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
WATER/SEWER FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Water Sales	\$ 2,093,301	\$ 1,452,422
Sewer Sales	1,080,427	907,304
Garbage Service	1,135,765	1,071,149
Service Fees	577,217	540,998
Miscellaneous	12,324	3,898
<b>TOTAL OPERATING REVENUES</b>	<u>4,899,034</u>	<u>3,975,771</u>
<b>OPERATING EXPENSES</b>		
Water Purchased	134,995	964,357
Sewage Treatment	713,041	646,570
Garbage Service	1,233,891	1,150,828
Salaries and Benefits	442,660	382,644
Supplies	102,702	217,232
Equipment Operation	8,005	12,459
Contractual Services	1,333,645	125,039
Utilities	37,199	26,424
Insurance	21,310	20,489
Transfer in Lieu of Taxes	-	23,338
Capital Outlay	27,107	14,405
Depreciation	192,118	125,973
<b>TOTAL OPERATING EXPENSES</b>	<u>4,246,673</u>	<u>3,709,758</u>
<b>OPERATING INCOME (LOSS)</b>	<u>652,361</u>	<u>266,013</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	136,491	209,407
Interest and Fiscal Charges	(264,140)	(172,053)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(127,649)</u>	<u>37,354</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	524,712	303,367
Capital Contributions	2,977,794	-
Transfer In (Out)	574,503	(538,214)
<b>CHANGE IN NET ASSETS</b>	4,077,009	(234,847)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>4,802,994</u>	<u>5,037,841</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,880,003</u>	<u>\$ 4,802,994</u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS – WATER IMPACT FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<i>Current Assets:</i>		
Due from General Fund	\$ -	\$ 2,978
<i>Total Current Assets</i>	<u>-</u>	<u>2,978</u>
<i>Restricted Assets:</i>		
Cash and Cash Investments	<u>469,143</u>	<u>687,867</u>
<i>Total Restricted Assets</i>	<u>469,143</u>	<u>687,867</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 469,143</u></u>	<u><u>\$ 690,845</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ -	\$ 521
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>521</u>
Net Assets:		
Restricted	<u>469,143</u>	<u>690,324</u>
<b>TOTAL NET ASSETS</b>	<u><u>469,143</u></u>	<u><u>690,324</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 469,143</u></u>	<u><u>\$ 690,845</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
WATER IMPACT FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>OPERATING EXPENSES</b>		
Capital Outlay	\$ -	\$ 1,500
<b>TOTAL OPERATING EXPENSES</b>	<u>-</u>	<u>1,500</u>
<b>OPERATING INCOME (LOSS)</b>	<u>-</u>	<u>(1,500)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	19,491	53,218
Impact Fees	120,991	187,045
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>140,482</u>	<u>240,263</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	140,482	238,763
Transfer In (Out)	<u>(361,663)</u>	<u>451,561</u>
<b>CHANGE IN NET ASSETS</b>	(221,181)	690,324
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>690,324</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 469,143</u>	<u>\$ 690,324</u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF NET ASSETS – SEWER IMPACT FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<i>Current Assets:</i>		
Accounts Receivable - Other	\$ 3,190	\$ -
Due from General Fund	<u>-</u>	<u>1,567</u>
<i>Total Current Assets</i>	<u>3,190</u>	<u>1,567</u>
<i>Restricted Assets:</i>		
Cash and Cash Investments	<u>760,123</u>	<u>742,721</u>
<i>Total Restricted Assets</i>	<u>760,123</u>	<u>742,721</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 763,313</u></u>	<u><u>\$ 744,288</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities:</i>		
Accounts Payable	<u>\$ -</u>	<u>\$ 45,797</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>45,797</u>
Net Assets:		
Restricted	<u>763,313</u>	<u>698,491</u>
<b>TOTAL NET ASSETS</b>	<u><u>763,313</u></u>	<u><u>698,491</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 763,313</u></u>	<u><u>\$ 744,288</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
SEWER IMPACT FUND  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	\$ 22,843	\$ 45,826
Impact Fees	<u>56,207</u>	<u>92,585</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>79,050</u>	<u>138,411</u>
 <b>Net Income (Loss) Before Contributions and Transfers</b>	 79,050	 138,411
 Transfer In (Out)	 <u>(14,228)</u>	 <u>560,080</u>
 <b>CHANGE IN NET ASSETS</b>	 64,822	 698,491
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	 <u>698,491</u>	 <u>-</u>
 <b>NET ASSETS AT END OF YEAR</b>	 <u><u>\$ 763,313</u></u>	 <u><u>\$ 698,491</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE BALANCE SHEETS –  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
Cash and Investments	\$ 133,124	\$ -
Sales Tax Receivable	25,062	16,230
Due from Primary Government	<u>-</u>	<u>32,191</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 158,186</u></u>	<u><u>\$ 48,421</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 12,617	\$ -
<b>TOTAL LIABILITIES</b>	<u>12,617</u>	<u>-</u>
Fund Balance:		
Unreserved	145,569	48,421
<b>TOTAL FUND BALANCE</b>	<u><u>145,569</u></u>	<u><u>48,421</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 158,186</u></u>	<u><u>\$ 48,421</u></u>

CITY OF CIBOLO, TEXAS  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE -  
CIBOLO ECONOMIC DEVELOPMENT CORPORATION  
SEPTEMBER 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>		
Taxes	\$ 118,710	\$ 48,421
Interest Income	<u>2,027</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>120,737</u>	<u>48,421</u>
<b>EXPENDITURES</b>		
Economic Development	<u>\$ 23,589</u>	<u>\$ -</u>
<b>TOTAL EXPENDITURES</b>	<u>23,589</u>	<u>-</u>
<b>Changes in Fund Balance</b>	97,148	48,421
<b>Fund Balances - Beginning</b>	<u>48,421</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u><u>\$ 145,569</u></u>	<u><u>\$ 48,421</u></u>

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## 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 Cibolo'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 Cibolo's overall financial health

### **Contents**

#### **Financial Trends – Tables 1 through 5**

*These schedules contain trend information to help the reader understand how Cibolo'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 Cibolo's most significant local revenue source, the property tax.*

#### **Debt Capacity – Tables 10 through 12**

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

#### **Demographic and Economic Information – Tables 13 and 14**

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

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

	Fiscal Year			
	2004	2005	2006	2007
<i>Governmental Activities</i>				
Invested in Capital Assets				
Net of Related Debt	\$ 1,659,150	\$ 2,949,433	\$ 1,106,927	\$ 4,494,034
Restricted	1,008,780	776,107	4,007,735	2,234,750
Unrestricted	2,254,124	1,411,858	1,927,214	3,132,280
<i>Total Governmental Activities Net Assets</i>	<u>\$ 4,922,054</u>	<u>\$ 5,137,398</u>	<u>\$ 7,041,876</u>	<u>\$ 9,861,064</u>
<i>Business-Type Activities</i>				
Invested in Capital Assets				
Net of Related Debt	\$ 3,050,647	\$ 2,894,401	\$ 2,494,073	\$ 3,883,385
Restricted	1,563,011	1,883,413	1,715,262	1,388,815
Unrestricted	260,965	387,620	828,506	919,609
<i>Total Business-Type Activities Net Assets</i>	<u>\$ 4,874,623</u>	<u>\$ 5,165,434</u>	<u>\$ 5,037,841</u>	<u>\$ 6,191,809</u>
<i>Total Government</i>				
Invested in Capital Assets				
Net of Related Debt	\$ 4,709,797	\$ 5,843,834	\$ 3,601,000	\$ 8,377,419
Restricted	2,571,791	2,659,520	5,722,997	3,623,565
Unrestricted	2,515,089	1,799,478	2,755,720	4,051,889
<i>Total Primary Government Net Assets</i>	<u>\$ 9,796,677</u>	<u>\$ 10,302,832</u>	<u>\$ 12,079,717</u>	<u>\$ 16,052,873</u>

TABLE 1

2008
------

\$ 8,164,016
1,863,848
3,488,774
<u>\$ 13,516,638</u>

\$ 7,339,992
1,232,456
1,540,011
<u>\$ 10,112,459</u>

\$ 15,504,008
3,096,304
5,028,785
<u>\$ 23,629,097</u>

CITY OF CIBOLO, TEXAS  
CHANGE IN NET ASSETS  
LAST FIVE FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
<i>Governmental Activities:</i>				
City Council	\$ 4,133	\$ 3,248	\$ 3,657	\$ 5,740
General Government Administration	349,185	399,835	540,279	633,996
Public Safety	879,834	1,114,574	1,525,518	1,708,004
Code Enforcement	153,185	307,672	523,760	615,390
Public Works	193,732	583,299	577,651	694,566
Parks	75,902	108,884	132,608	245,021
Animal Control	28,836	38,511	36,698	57,585
Community Development	-	-	-	379,805
Fire	-	-	-	-
Capital Outlay	39,745	162,435	446,608	141,494
Interest on Long-Term Debt	103,681	105,774	164,417	274,394
<i>Total Governmental Activities Expenses</i>	<u>1,828,233</u>	<u>2,824,232</u>	<u>3,951,196</u>	<u>4,755,995</u>
<i>Business-Type Activities:</i>				
Water and Sewer	2,126,950	2,817,400	4,129,780	3,711,259
Interest on Long-Term Debt	40,100	29,165	119,050	172,053
<i>Total Business-Type Activities</i>	<u>2,167,050</u>	<u>2,846,565</u>	<u>4,248,830</u>	<u>3,883,312</u>
<b>Total Primary Government Expenses</b>	<u>\$ 3,995,283</u>	<u>\$ 5,670,797</u>	<u>\$ 8,200,026</u>	<u>\$ 8,639,307</u>
<b>Program Revenues</b>				
<i>Governmental Activities:</i>				
Charges for Service:				
General Government Administration	\$ 127,626	\$ 166,943	\$ 133,130	\$ 157,971
Law Enforcement	259,935	212,070	376,060	443,489
Code Enforcement	855,710	1,104,892	1,786,710	3,498,323
Parks	145,620	114,061	174,977	5,962
Animal Control	3,771	5,267	6,590	8,773
Operating Grants and Contributions	37,972	47,901	54,178	75,368
Capital Grants and Contributions	-	13,740	487,378	-
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>1,430,634</u>	<u>1,664,874</u>	<u>3,019,023</u>	<u>4,189,886</u>
<i>Business-Type Activities:</i>				
Charges for Service: Water and Sewer	2,171,068	2,817,448	3,753,568	3,975,771
Capital Grants and Contributions	-	-	-	-
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>2,171,068</u>	<u>2,817,448</u>	<u>3,753,568</u>	<u>3,975,771</u>
<b>Total Primary Government</b>				
<b>Program Revenues</b>	<u>\$ 3,601,702</u>	<u>\$ 4,482,322</u>	<u>\$ 6,772,591</u>	<u>\$ 8,165,657</u>

TABLE 2

<u>2008</u>
\$ 3,162
1,026,194
1,789,584
493,852
1,394,360
356,268
71,226
428,246
491,880
-
462,715
<u>6,517,487</u>
4,246,673
264,140
<u>4,510,813</u>
<u>\$ 11,028,300</u>

\$ 169,282
523,647
2,560,933
8,457
8,679
26,911
<u>2,777,059</u>
6,074,968
4,899,034
<u>2,977,794</u>
7,876,828
<u>\$ 13,951,796</u>

CITY OF CIBOLO, TEXAS  
CHANGE IN NET ASSETS (CONTINUED)  
LAST FIVE FISCAL YEARS

	Fiscal Year			
	2004	2005	2006	2007
<b>Net (Expenses) Revenue</b>				
Governmental Activities	\$ (397,599)	\$ (1,159,358)	\$ (932,173)	\$ (566,109)
Business-Type Activities	4,018	(29,117)	(495,262)	92,459
Total Government Net Expenses	<u>\$ (393,581)</u>	<u>\$ (1,188,475)</u>	<u>\$ (1,427,435)</u>	<u>\$ (473,650)</u>
<b>Governmental Revenues and Other Changes in Net Assets</b>				
<i>Governmental Activities:</i>				
Taxes				
Property Taxes	\$ 736,950	\$ 898,579	\$ 1,443,842	\$ 1,977,613
Sales Taxes	278,564	390,977	330,234	425,339
Franchise Taxes	119,560	169,790	220,161	301,298
Impact Fees	662,832	457,111	601,232	650,736
Interest and Investment Earnings	53,047	33,452	230,008	453,725
Gain (Loss) on Sale of Capital Assets	-	2,100	(4,900)	-
Miscellaneous	32,407	85,418	60,817	50,013
Transfers	23,281	(12,000)	(193,733)	(473,427)
<i>Total Governmental Activities</i>	<u>1,906,641</u>	<u>2,025,427</u>	<u>2,687,661</u>	<u>3,385,297</u>
<i>Business-Type Activities:</i>				
Impact Fees	667,976	462,943	388,212	279,630
Interest and Investment Earnings	28,454	55,550	200,932	308,452
Gain (Loss) on Sale of Capital Assets	-	(1,567)	-	-
Transfers	(23,281)	12,000	193,733	473,427
<i>Total Business-Type Activities</i>	<u>673,149</u>	<u>528,926</u>	<u>782,877</u>	<u>1,061,509</u>
Total Primary Government	<u>\$ 2,579,790</u>	<u>\$ 2,554,353</u>	<u>\$ 3,470,538</u>	<u>\$ 4,446,806</u>
<b>Changes In Net Assets</b>				
Government Activities	\$ 1,509,042	\$ 866,069	\$ 1,755,488	\$ 2,819,188
Business-Type Activities	677,167	499,809	287,615	1,153,968
Total Primary Government	<u>\$ 2,186,209</u>	<u>\$ 1,365,878</u>	<u>\$ 2,043,103</u>	<u>\$ 3,973,156</u>

TABLE 2 (continued)

<u>2008</u>
\$ (442,519)
<u>3,366,015</u>
<u>\$ 2,923,496</u>

\$ 2,679,743
594,414
417,035
107,475
395,770
1,781
100,487
<u>(198,612)</u>
<u>4,098,093</u>

177,198
178,825
-
<u>198,612</u>
<u>554,635</u>
<u>\$ 4,652,728</u>

\$ 3,655,574
<u>3,920,650</u>
<u>\$ 7,576,224</u>

CITY OF CIBOLO, TEXAS  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ 307,433	\$ 115,124	\$ 314,122	\$ 923,481
Designated	-	-	-	-
Unreserved	460,246	722,045	1,049,539	1,747,902
Total General Fund	<u>\$ 767,679</u>	<u>\$ 837,169</u>	<u>\$ 1,363,661</u>	<u>\$ 2,671,383</u>
All Other Governmental Funds				
Unreserved, Reported In:				
Capital Project Funds	\$ -	\$ -	\$ 1,495,023	\$ 675,260
Debt Service Funds	14,413	17,304	30,385	23,488
Special Revenue Funds	(9,909)	(27,849)	-	-
Total All Other Governmental Funds	<u>\$ 4,504</u>	<u>\$ (10,545)</u>	<u>\$ 1,525,408</u>	<u>\$ 698,748</u>



TABLE 3

Fiscal Year				
2004	2005	2006	2007	2008
\$ 1,612,652	\$ 1,477,083	\$ 1,731,830	\$ 325,872	\$ 48,090
-	-	-	-	111,765
1,484,446	549,344	1,304,188	3,083,213	3,337,301
<u>\$ 3,097,098</u>	<u>\$ 2,026,427</u>	<u>\$ 3,036,018</u>	<u>\$ 3,409,085</u>	<u>\$ 3,497,156</u>
\$ 94,612	\$ 97,802	\$ 2,920,682	\$ 6,665,887	\$ 4,665,030
33,810	32,091	(17,888)	9,328	41,898
-	-	-	1,911,702	1,814,407
<u>\$ 128,422</u>	<u>\$ 129,893</u>	<u>\$ 2,902,794</u>	<u>\$ 8,586,917</u>	<u>\$ 6,521,335</u>

CITY OF CIBOLO, TEXAS  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
LAST NINE FISCAL YEARS

	Fiscal Year			
	2000	2001	2002	2003
<b>REVENUES</b>				
Taxes	\$ 685,168	\$ 780,653	\$ 857,916	\$ 874,184
Construction Permits	78,415	106,430	381,475	1,045,233
Charges for Services	10,424	11,768	2,234	2,362
Fines and Forfeitures	124,098	166,042	160,107	221,321
Grants	19,090	44,964	48,749	48,739
Parks	-	-	137,470	27,323
Interest/Miscellaneous	165,381	163,677	158,539	394,424
<b>TOTAL REVENUES</b>	<u>1,082,576</u>	<u>1,273,534</u>	<u>1,746,490</u>	<u>2,613,586</u>
<b>EXPENDITURES</b>				
Current:				
City Council	3,625	1,072	1,428	2,624
General Government Administration	167,784	177,510	179,933	236,498
Law Enforcement and Municipal Court	413,069	462,005	573,115	686,192
Code Enforcement	36,016	37,058	104,530	102,262
Public Works	87,142	209,064	167,198	123,698
Parks	34,514	30,358	20,272	32,346
Animal Control	2,626	2,243	938	14,371
Community Development	-	-	-	-
Capital Projects/Outlay	86,239	173,503	84,052	2,126,444
Bond Issuance Costs	-	-	32,628	29,846
Debt Service:				
Principal	45,000	45,000	60,000	230,000
Interest and Fiscal Charges	6,447	2,417	57,845	96,668
<b>TOTAL EXPENDITURES</b>	<u>882,462</u>	<u>1,140,230</u>	<u>1,281,939</u>	<u>3,680,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>200,114</u>	<u>133,304</u>	<u>464,551</u>	<u>(1,067,363)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Bonds Payable	-	-	1,500,000	1,250,000
Proceeds from Notes Payable	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Operating Transfers In (Out)	<u>(83,984)</u>	<u>(78,863)</u>	<u>97,893</u>	<u>298,425</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(83,984)</u>	<u>(78,863)</u>	<u>1,597,893</u>	<u>1,548,425</u>
Changes in Fund Balance	<u>\$ 116,130</u>	<u>\$ 54,441</u>	<u>\$ 2,062,444</u>	<u>\$ 481,062</u>

TABLE 4

Fiscal Year				
2004	2005	2006	2007	2008
\$ 1,115,460	\$ 1,450,511	\$ 1,998,334	\$ 2,703,074	\$ 3,689,405
855,710	1,104,892	1,786,710	4,149,059	2,668,408
3,771	5,729	6,590	8,773	8,679
259,935	212,070	376,060	443,489	523,647
37,972	61,641	75,334	75,368	26,911
145,620	114,061	140,975	5,962	8,457
875,912	744,562	1,038,033	661,706	665,543
<u>3,294,380</u>	<u>3,693,466</u>	<u>5,422,036</u>	<u>8,047,431</u>	<u>7,591,050</u>
4,133	3,248	3,657	5,740	3,162
307,027	351,218	483,773	649,543	830,943
847,045	1,085,595	1,463,978	1,634,651	1,682,308
143,275	271,377	513,207	586,752	450,312
138,286	435,153	854,803	476,904	1,255,770
47,100	45,527	99,787	205,232	255,672
28,787	38,102	36,447	51,836	62,094
-	-	-	374,040	425,290
2,867,973	1,621,802	844,101	2,160,749	463,656
31,038	-	56,000	85,071	3,299,516
130,000	145,000	192,695	3,136,224	405,767
94,170	102,919	93,915	203,410	457,033
<u>4,638,834</u>	<u>4,099,941</u>	<u>4,642,363</u>	<u>9,570,152</u>	<u>9,591,523</u>
<u>(1,344,454)</u>	<u>(406,475)</u>	<u>779,673</u>	<u>(1,522,721)</u>	<u>(2,000,473)</u>
1,135,000	-	3,000,000	7,975,000	-
-	-	47,562	-	182,124
-	-	-	-	39,450
<u>23,281</u>	<u>(12,000)</u>	<u>(193,733)</u>	<u>(395,089)</u>	<u>(198,612)</u>
<u>1,158,281</u>	<u>(12,000)</u>	<u>2,853,829</u>	<u>7,579,911</u>	<u>22,962</u>
<u>\$ (186,173)</u>	<u>\$ (418,475)</u>	<u>\$ 3,633,502</u>	<u>\$ 6,057,190</u>	<u>\$ (1,977,511)</u>

CITY OF CIBOLO, TEXAS  
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS

TABLE 5

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2004	\$ 717,336	\$ 278,564	\$ 119,560	\$ 1,115,460
2005	889,744	390,977	169,790	1,450,511
2006	1,447,940	330,234	220,160	1,998,334
2007	1,976,437	425,339	301,298	2,703,074
2008	2,677,956	594,414	417,035	3,689,405

CITY OF CIBOLO, TEXAS  
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY  
 LAST FIVE FISCAL YEARS

TABLE 6

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	All Other	Less: Tax-Exempt Property	Total Taxable Assessed Value*
2004	\$ 206,705,171	\$ 11,990,091	\$ 4,157,602	\$ 24,026,342	\$ (2,750,899)	\$ 244,128,307
2005	272,758,426	18,247,024	6,858,970	36,922,536	(4,013,713)	330,773,243
2006	403,029,800	22,613,507	7,448,227	41,997,230	(4,230,703)	470,858,061
2007	528,797,060	27,161,157	8,942,799	58,094,171	(7,803,905)	615,191,282
2008	749,013,331	32,265,109	9,137,779	87,336,701	(46,341,746)	831,411,174

Source: Guadalupe Appraisal District.

\* Total Taxable Assessed Value and Total Estimated Actual Value of taxable property is the same.

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

TABLE 7

Fiscal Period	Direct Rate	Overlapping Rates		Total
	City of Cibolo	SCUCISD	Guadalupe County	
1999	0.3520	1.6923	0.3192	2.36350
2000	0.3699	1.4945	0.3417	2.20610
2001	0.3800	1.6267	0.3193	2.32600
2002	0.3573	1.7100	0.3499	2.41720
2003	0.3215	1.7300	0.3668	2.41830
2004	0.2895	1.7800	0.3654	2.43490
2005	0.2695	1.7400	0.3531	2.36260
2006	0.3178	1.7200	0.3531	2.39090
2007	0.3186	1.6100	0.3481	2.27670
2008	0.3186	1.3150	0.3295	1.96310

Rates are set the previous October 1 to fund the operations of the fiscal year as shown.  
Source: Guadalupe County Tax Collector

CITY OF CIBOLO, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT AND EIGHT YEARS AGO

TABLE 8

Taxpayer	2008			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Laredo I35 North LTD	\$ 6,999,608	1	0.84%	\$ -		
Kalmar RT Center LLC	4,695,195	2	0.56%	-		
CVR Investors	3,202,360	3	0.39%	-		
Jungle Laboratories	2,701,781	4	0.32%	-		
Guadalupe Valley Electric	2,622,630	5	0.32%	-		
North American BulletProof	2,132,023	6	0.26%	-		
RH of Texas LP	2,050,342	7	0.25%	-		
Wilshire Homes	2,010,680	8	0.24%	-		
Timber Tech Texas	1,903,457	9	0.23%	1,504,000	2	1.13%
Aggreko LLC	1,878,011	10	0.23%	-		
Nabisco Brands	-			1,793,957	1	1.35%
Cibolo Deer Creek	-			1,208,372	3	0.91%
Ari Automotive	-			1,088,792	4	0.82%
AGE Industries	-			986,200	5	0.74%
Wells Fargo	-			829,150	6	0.62%
Trans Met	-			827,885	7	0.62%
Brahama AVLTD	-			777,013	8	0.58%
Sutton, Steele & Steele, Inc.	-			769,093	9	0.58%
Southwestern Bell	-			731,270	10	0.55%
Total	<u>\$30,196,087</u>		<u>3.63%</u>	<u>\$ 10,515,732</u>		<u>7.90%</u>

Total taxable assessed value for 2008 was \$831,411,174

Information for nine years ago not available. Information for eight years ago presented instead.

Source: Guadalupe Appraisal District

CITY OF CIBOLO, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN 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
1999	\$ 360,890	\$ 351,294	97.3%	\$ 6,716	\$ 358,010	99.2%
2000	431,175	421,856	97.8%	9,319	431,175	100.0%
2001	502,892	487,797	97.0%	7,195	494,992	98.4%
2002	534,707	518,598	97.0%	16,109	534,707	100.0%
2003	570,694	558,515	97.9%	8,198	566,713	99.3%
2004	706,751	696,574	98.6%	9,215	705,789	99.9%
2005	938,261	919,683	98.0%	17,218	936,901	99.9%
2006	1,496,387	1,419,142	94.8%	76,130	1,495,272	99.9%
2007	1,959,999	1,947,226	99.3%	12,773	1,959,999	100.0%
2008	2,648,876	2,642,775	99.8%	-	2,642,775	99.8%

Source: Guadalupe County Tax Assessor Collector and City of Cibolo Finance Department.



CITY OF CIBOLO, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST NINE FISCAL YEARS

TABLE 10

Fiscal Year	Governmental Activities				Business-Type Activity			Total Primary Government
	Tax Notes	Certificates of Obligation	General Obligation	Notes Payable	Tax Anticipation Notes	General Obligation	Revenue Bonds	
2000	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 120,000
2001	-	-	-	-	-	-	-	-
2002	-	1,440,000	-	-	-	-	-	1,440,000
2003	-	1,375,000	-	-	1,085,000	-	-	2,460,000
2004	-	2,380,000	-	-	920,000	-	-	3,300,000
2005	-	2,235,000	-	-	750,000	-	-	2,985,000
2006	3,000,000	2,120,000	-	29,265	575,000	-	3,000,000	8,724,265
2007	-	2,000,000	7,975,000	13,643	390,000	3,025,000	2,905,000	16,308,643
2008	-	1,870,000	7,895,000	-	200,000	2,975,000	2,805,000	15,745,000

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

CITY OF CIBOLO, TEXAS  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST FIVE FISCAL YEARS

TABLE 11

General Bonded Debt Outstanding					Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita*
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Anticipation Notes	Total			
2004	\$ -	\$ 2,380,000	\$ 920,000	\$ 3,300,000	\$244,128,307	1.35%	433
2005	-	2,235,000	750,000	2,985,000	330,773,243	0.90%	318
2006	3,000,000	2,120,000	575,000	5,695,000	470,858,061	1.21%	500
2007	11,000,000	2,000,000	390,000	13,390,000	615,191,282	2.18%	921
2008	10,870,000	1,870,000	200,000	12,940,000	831,411,174	1.56%	803

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 in table 13.

CITY OF CIBOLO, TEXAS  
LEGAL DEBT MARGIN  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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. The City's charter restricts tax levy to no more than \$1.25 per \$100 of Assessed Valuation for payment of debt.

TABLE 12

Taxable Value	<u>\$ 831,411,174</u>
Debt Limit - 10% of taxable value [1]	\$ 83,141,117
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	\$ 12,940,000
Less Assets Available in Debt Service Fund	<u>41,898</u>
Total Amount of Debt Applicable to Debt Limit	<u>12,898,102</u>
Economic Debt Margin	<u>\$ 70,243,015</u>

	Fiscal Year		
	2006	2007	2008
Debt Limit	\$ 47,085,806	\$ 61,519,128	\$ 83,141,117
Total Net Debt Applicable to Limit	<u>(5,712,888)</u>	<u>(13,380,672)</u>	<u>(12,898,102)</u>
Economic Debt Margin	<u>\$ 41,372,918</u>	<u>\$ 48,138,456</u>	<u>\$ 70,243,015</u>

CITY OF CIBOLO, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST FIVE FISCAL YEARS

TABLE 13

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2004	7,623	\$ 65,545	35	7,257	4.7%
2005	9,400	68,822	35	7,636	4.4%
2006	11,400	72,263	35	8,398	4.4%
2007	14,545	74,678	35	10,347	4.1%
2008	16,122	76,149	36	11,434	4.4%

Sources: Population, Per Capita Income and median Age information provided by the City of Cibolo. School enrollment information was provided by the Schertz-Cibolo-Universal City Independent School District. Unemployment rate is for the County of Guadalupe and was provided by the Texas Workforce Commission.

CITY OF CIBOLO, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT AND ONE YEAR AGO

TABLE 14

	<u>2008</u>		<u>2007</u>	
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
Schertz-Cibolo-Universal City ISD	372	1	350	1
Jungle Laboratories	205	2	200	2
Kalmar	130	3	60	8
Robles	120	4	120	3
City of Cibolo	81	5	81	4
Timber Tech	80	6	80	5
Age Industries	55	7	70	6
Eagle Construction	40	8	60	7
Fiber Art	40	9	40	9
Williams Company	28	10		
Burditt Tile & Stone			30	10
Total	1,151		1,091	

*Source: Information obtained by the City of Cibolo from local businesses*

*Note: Comparative information of nine years ago was not available.*

*Total City Employment was also not available.*

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