



The City of Helotes Economic Development Corporation (EDC) Board of Directors will meet for a Regular Meeting on Wednesday, April 19, 2023 at 7:00 p.m. in the City Hall Council Chambers, 12951 Bandera Road, Helotes, Texas 78023. This is an open meeting, subject to the open meeting laws of the State of Texas.

1. Call to order.

OPEN SESSION:

2. Citizens to be heard.
The EDC cannot discuss any presented issue, nor may any action be taken on any issue at this time (Attorney General Opinion JC-0169). Comments are limited to three (3) minutes, and this time is not transferable. Discussion by the EDC of any item not on the Agenda shall be limited to statements of specific factual information given in response to any inquiry, a recitation of existing policy in response to any inquiry, and / or a proposal to place the item on a future EDC Agenda.

CONSENT AGENDA (ITEM NOS. 3 – 4):

All Consent Agenda items listed below are considered routine by EDC Staff and are intended to be enacted by one motion. There will be no separate discussion of these items, unless a Director requests it, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the Agenda.

3. Approval of the minutes of the Regular Meeting dated March 15, 2023.
4. Approval of the HEDC Fiscal Year Ending (FYE) 2023 Revenue and Expense Report dated April 14, 2023.

NOTICE OF ASSISTANCE AT THE PUBLIC MEETING

This meeting site is wheelchair-accessible and accessible parking spaces are available in front of the office. In compliance with the Americans with Disabilities Act, the Helotes EDC will provide reasonable accommodations for persons attending the meeting. To better serve you, requests should be received seventy-two (72) hours prior to the meeting. For assistance, contact the Interim Executive Director at 210-695-5910.

COMMITTEE REPORTS:

- 5. Update from the Finance Committee.
- 6. Update from the Governance Committee.

ITEMS FOR INDIVIDUAL CONSIDERATION:

- 7. Presentation by Armstrong, Vaughan, & Associates, P.C. and discussion of and action on the Fiscal Year Ending (FYE) 2022 Comprehensive Annual Financial Report (CAFR) for the City of Helotes Economic Development Corporation. (Armstrong, Vaughan, & Associates, P.C., City Auditor)
- 8. Discussion of and action on expanding the HEDC offices, including creating coworking office space. (Staff)
- 9. Discussion of and action on art pieces approved during the 2022 arts grant program.

STAFF REPORT:

- 10. Update on the 2023 Art Grant Program major sculpture call for artists.

Adjourn.

The EDC Board of Directors reserves the right to adjourn into Closed Session at any time during the course of this meeting to discuss any of the exceptions to the requirement that a meeting be open to the public, in accordance with Texas Government Code, Chapter 551 *Open Meetings*, Subchapter D *Exceptions to Requirement that Meetings be Open*. No action may be taken in Closed Session.

A quorum of the City Council and/or other City Boards, Committees, or Commissions may be present at this meeting. The City Council and/or other City Boards, Committees, or Commissions may not take action regarding public business or policy.

I certify that this Agenda was posted on April 14, 2023 at 5:00 p.m.



Glenn Goolsby
Executive Director



REGULAR MEETING MINUTES

The City of Helotes Economic Development Corporation (EDC) Board of Directors met for a Regular Meeting on Wednesday, March 15, 2023 at 7:00 p.m., in the City Hall Council Chambers, 12951 Bandera Road, Helotes, Texas 78023. This was an open meeting, subject to the open meeting laws of the State of Texas.

Present:

Board Members: John Kodosky, Vice-President Melody Cooper, Secretary
 Greg Hayden Melissa Benavides
 Jeff Felty Marian Mendoza, Ex-Officio

Staff: Glenn Goolsby, Executive Director

Absent: Blaine Lopez, President Joel Lutz

1. Call to Order.

Vice President Kodosky called the meeting to order at 7:04 p.m.

OPEN SESSION:

2. Citizens to be heard.

The HEDC cannot discuss any presented issue, nor may any action be taken on any issue at this time (Attorney General Opinion JC-0169). Comments are limited to three (3) minutes, and this time is not transferable. Discussion by the HEDC of any item not on the Agenda shall be limited to statements of specific factual information given in response to any inquiry, a recitation of existing policy in response to any inquiry, and / or a proposal to place the item on a future HEDC Agenda.

No citizen signed up to speak.

CONSENT AGENDA (ITEM NOS. 3 – 4):

All items marked with an asterisk (*) on the consent agenda were voted on as a group. Motion was made by Jeff Felty, second by Greg Hayden to approve Items 3 and 4 as written. The motion carried unanimously.

3. Approval of the minutes of the Regular Meeting dated February 15, 2023.

4. **Approval of the HEDC Fiscal Year Ending (FYE) 2023 Revenue and Expense Report dated March 8, 2023.**

COMMITTEE REPORTS:

5. **Update from the Finance Committee.**

Secretary Cooper mentioned the Finance Committee had reviewed the previous months' expenditures and approved them.

ITEMS FOR INDIVIDUAL CONSIDERATION:

6. **Discussion of and action on an application made by Helotes Tactical Firearms to approve a grant reimbursement request under the Retailer and Commercial Tenant Improvement Incentive Program. (Staff)**

Motion was made by Greg Hayden, second by Melissa Benavides to discuss and act on the item as written.

Glenn Goolsby presented the application and score sheet and stated the applicant had met all eligibility criteria and recommended approval of the grant request.

Motion to approve carried 4 – ayes, 1 – abstained; Jeff Felty

7. **Discussion of and direction on expanding the HEDC offices to include creating coworking office space. (Staff)**

Glenn Goolsby presented the item of expanding the HEDC office from 1,000 square feet to 2,500 square feet which would allow for the creation of an executive office suite. The general consensus was to explore the concept and provide a proposal of anticipated expenses and revenues for the project at the next board meeting.

STAFF REPORT:

8. **Update on the status of the 2022 and 2023 Art Grant Program.**

Glenn Goolsby stated the recipient of the 2022 arts grant was behind schedule and was working to complete two of the four sculptures by the end of March. Mr. Goolsby also stated that the 2023 arts grant has been launched and notices had been sent to area art galleries and artists.

Vice President Kodosky adjourned the meeting at 7:36 p.m.

Glenn Goolsby
Executive Director

CITY OF HELOTES
 REVENUE & EXPENSE REPORT - UNAUDITED
 AS OF: APRIL 14TH, 2023

ITEM NO. 4

05 -ECONOMIC DEVELOPMENT CORP
 FINANCIAL SUMMARY

| | CURRENT BUDGET | CURRENT PERIOD | YEAR TO DATE ACTUAL | BUDGET BALANCE | % OF BUDGET |
|------------------------------------|---------------------|-------------------|------------------------|---------------------|----------------|
| <u>REVENUE SUMMARY</u> | | | | | |
| NON-PROPERTY TAXES | 3,544,200.00 | 350.00 | 953,708.78 | 2,590,491.22 | 26.91 |
| MISCELLANEOUS REVENUE | <u>518,985.00</u> | <u>0.00</u> | <u>56,768.05</u> | <u>462,216.95</u> | <u>10.94</u> |
| TOTAL REVENUES | 4,063,185.00 | 350.00 | 1,010,476.83 | 3,052,708.17 | 24.87 |
| | ===== | ===== | ===== | ===== | ===== |
| <u>EXPENDITURE SUMMARY</u> | | | | | |
| ADMINISTRATION | <u>4,063,185.00</u> | <u>5,664.48</u> | <u>1,222,007.49</u> | <u>2,841,177.51</u> | <u>30.08</u> |
| TOTAL EXPENDITURES | 4,063,185.00 | 5,664.48 | 1,222,007.49 | 2,841,177.51 | 30.08 |
| | ===== | ===== | ===== | ===== | ===== |
| REVENUES OVER/(UNDER) EXPENDITURES | 0.00 (| 5,314.48) (| 211,530.66) | 211,530.66 | 0.00 |

CITY OF HELOTES
 REVENUE & EXPENSE REPORT - UNAUDITED
 AS OF: APRIL 14TH, 2023

05 -ECONOMIC DEVELOPMENT CORP

REVENUES

| | CURRENT BUDGET | CURRENT PERIOD | YEAR TO DATE ACTUAL | BUDGET BALANCE | % OF BUDGET |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------|----------------|
| <u>NON-PROPERTY TAXES</u> | | | | | |
| 401-3140 SALES TAX | 3,530,000.00 | 0.00 | 945,353.73 | 2,584,646.27 | 26.78 |
| 401-3150 MIXED BEVERAGE | 10,000.00 | 0.00 | 6,255.05 | 3,744.95 | 62.55 |
| 401-3160 SUBLEASE HELOTES CHAMBER | <u>4,200.00</u> | <u>350.00</u> | <u>2,100.00</u> | <u>2,100.00</u> | <u>50.00</u> |
| TOTAL NON-PROPERTY TAXES | 3,544,200.00 | 350.00 | 953,708.78 | 2,590,491.22 | 26.91 |
| <u>MISCELLANEOUS REVENUE</u> | | | | | |
| 406-1010 INTEREST | 7,000.00 | 0.00 | 56,768.05 | (49,768.05) | 810.97 |
| 406-1060 TRANSFERS IN/OUT | <u>511,985.00</u> | <u>0.00</u> | <u>0.00</u> | <u>511,985.00</u> | <u>0.00</u> |
| TOTAL MISCELLANEOUS REVENUE | 518,985.00 | 0.00 | 56,768.05 | 462,216.95 | 10.94 |
| | | | | | |
| TOTAL REVENUES | 4,063,185.00 | 350.00 | 1,010,476.83 | 3,052,708.17 | 24.87 |
| | ===== | ===== | ===== | ===== | ===== |

CITY OF HELOTES
REVENUE & EXPENSE REPORT - UNAUDITED
AS OF: APRIL 14TH, 2023

05 -ECONOMIC DEVELOPMENT CORP
ADMINISTRATION
EXPENDITURES

| | CURRENT BUDGET | CURRENT PERIOD | YEAR TO DATE ACTUAL | BUDGET BALANCE | % OF BUDGET |
|---|---------------------|-------------------|------------------------|---------------------|----------------|
| <u>PERSONNEL</u> | | | | | |
| 510-5101 SALARIES | 90,000.00 | 3,365.38 | 47,115.32 | 42,884.68 | 52.35 |
| 510-5111 LONGEVITY | 1,580.00 | 0.00 | 1,580.00 | 0.00 | 100.00 |
| 510-5113 BENEFITS | <u>23,994.00</u> | <u>499.10</u> | <u>11,512.31</u> | <u>12,481.69</u> | <u>47.98</u> |
| TOTAL PERSONNEL | 115,574.00 | 3,864.48 | 60,207.63 | 55,366.37 | 52.09 |
| <u>CONTRACTUAL SERVICES</u> | | | | | |
| 510-5201 MEMBERSHIPS, DUES & LICENSES | 16,000.00 | 0.00 | 14,044.88 | 1,955.12 | 87.78 |
| 510-5202 AUDIT FEES | 3,600.00 | 1,800.00 | 3,600.00 | 0.00 | 100.00 |
| 510-5203 SCHOOLS, SEMINARS, CONFERENCES | 3,200.00 | 0.00 | 0.00 | 3,200.00 | 0.00 |
| 510-5204 INTL. CONF. SHOPPING CENTERS | 3,200.00 | 0.00 | 0.00 | 3,200.00 | 0.00 |
| 510-5205 BANK FEES | 1,000.00 | 0.00 | 0.00 | 1,000.00 | 0.00 |
| 510-5206 LEGAL FEES / MDD CREATION | 7,500.00 | 0.00 | 1,774.00 | 5,726.00 | 23.65 |
| 510-5207 FACADE/TENANT IMPROVEMENT | 150,000.00 | 0.00 | 8,612.50 | 141,387.50 | 5.74 |
| 510-5208 CONC. DESIGN & LAND USE PLANS | 30,000.00 | 0.00 | 0.00 | 30,000.00 | 0.00 |
| 510-5210 WORKSHOPS & PROMOTIONS | 3,000.00 | 0.00 | 546.00 | 2,454.00 | 18.20 |
| 510-5211 MARKETING / TOURISM | 80,000.00 | 0.00 | 33,894.92 | 46,105.08 | 42.37 |
| 510-5212 WEBSITE DEV. & MAINTENANCE | 15,000.00 | 0.00 | 4,660.00 | 10,340.00 | 31.07 |
| 510-5214 MANAGED SVCS. AGREEMENT | 30,000.00 | 0.00 | 30,000.00 | 0.00 | 100.00 |
| 510-5215 DEBT SERVICE | 330,661.00 | 0.00 | 330,661.00 | 0.00 | 100.00 |
| 510-5217 LAND ACQUISITION/DUE DILIGENCE | 250,000.00 | 0.00 | 0.00 | 250,000.00 | 0.00 |
| 510-5223 BUSINESS IMPROVEMENT GRANTS | 80,000.00 | 0.00 | 9,600.00 | 70,400.00 | 12.00 |
| 510-5224 OFFICE RENTAL | 14,200.00 | 0.00 | 7,000.00 | 7,200.00 | 49.30 |
| 510-5225 OTHSD PARKING LOT LEASE | 5,800.00 | 0.00 | 2,674.43 | 3,125.57 | 46.11 |
| 510-5228 VISITOR CENTER | 50,000.00 | 0.00 | 0.00 | 50,000.00 | 0.00 |
| 510-5230 MARKETING/CITY EVENTS | 50,000.00 | 0.00 | 50,000.00 | 0.00 | 100.00 |
| 510-5231 CAPITAL IMPROVEMENTS | 25,000.00 | 0.00 | 0.00 | 25,000.00 | 0.00 |
| 510-5232 ARTS GRANT | 50,000.00 | 0.00 | 0.00 | 50,000.00 | 0.00 |
| 510-5233 NEW DEVELOPMENT INCENTIVE | <u>400,000.00</u> | <u>0.00</u> | <u>0.00</u> | <u>400,000.00</u> | <u>0.00</u> |
| TOTAL CONTRACTUAL SERVICES | 1,598,161.00 | 1,800.00 | 497,067.73 | 1,101,093.27 | 31.10 |
| <u>COMMODITIES</u> | | | | | |
| 510-5301 OFFICE SUPPLIES | 3,000.00 | 0.00 | 39.99 | 2,960.01 | 1.33 |
| 510-5302 OPERATIONAL EXPENSES | 20,000.00 | 0.00 | 3,720.57 | 16,279.43 | 18.60 |
| 510-5305 COMMUNICATION EQUIPMENT | 1,200.00 | 0.00 | 839.84 | 360.16 | 69.99 |
| 510-5326 EXPENSE REIMBURSEMENT | 250.00 | 0.00 | 0.00 | 250.00 | 0.00 |
| 510-5333 380 AGREEMENT REIMBURSEMENTS | <u>2,000,000.00</u> | <u>0.00</u> | <u>335,131.73</u> | <u>1,664,868.27</u> | <u>16.76</u> |
| TOTAL COMMODITIES | 2,024,450.00 | 0.00 | 339,732.13 | 1,684,717.87 | 16.78 |
| <u>CAPITAL OUTLAY</u> | | | | | |
| 510-5503 TRANSFER OUT | <u>325,000.00</u> | <u>0.00</u> | <u>325,000.00</u> | <u>0.00</u> | <u>100.00</u> |
| TOTAL CAPITAL OUTLAY | 325,000.00 | 0.00 | 325,000.00 | 0.00 | 100.00 |
| <hr/> | | | | | |
| TOTAL ADMINISTRATION | 4,063,185.00 | 5,664.48 | 1,222,007.49 | 2,841,177.51 | 30.08 |
| <hr/> | | | | | |
| TOTAL EXPENDITURES | 4,063,185.00 | 5,664.48 | 1,222,007.49 | 2,841,177.51 | 30.08 |
| <hr/> | | | | | |
| REVENUES OVER/(UNDER) EXPENDITURES | 0.00 | (5,314.48) | (211,530.66) | 211,530.66 | 0.00 |



**City of Helotes EDC
AGENDA ITEM REQUEST FORM
DATE: April 19, 2023**

AGENDA PLACEMENT: **PUBLIC HEARING**
 CONSENT
 INDIVIDUAL
 CLOSED

CAPTION:

Presentation by Armstrong, Vaughan, & Associates, P.C. and discussion of and action on the Fiscal Year Ending (FYE) 2022 Comprehensive Annual Financial Report (CAFR) for the City of Helotes Economic Development Corporation. (Armstrong, Vaughan, & Associates, P.C., City Auditor)

EXECUTIVE SUMMARY:

An audit is required annually of the City's and HEDC's basic financial statements. This audit is conducted by Certified Public Accountants selected by the City Council.

The City utilizes Armstrong, Vaughn & Associates, P.C. for audit services of the HEDC's basic financial statements. Kimberly J. Roach, CPA, will present the audit. This audit is for year ended September 30, 2022 and was completed February 2022. The independent opinion on the financial statements is "unmodified". An unmodified opinion states that the financial statements are presented fairly and in conformity with the Governmental Accounting Standards Board (GASB). The audited Annual Comprehensive Financial Report (ACFR) will be accessible to the public at City Hall and on the City website.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Helotes for its Annual Comprehensive Financial Report (ACFR). This is the second year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. The Certificate is valid for a period of one year only. We believe that our current ACFR continues to meet the program's requirements and are submitting it to GFOA to determine its eligibility for another certificate.

The Management's Discussion and Analysis (MD&A) section of the ACFR, which is attached, provides a narrative overview and analysis of the HEDC's financial activities for the year. The government-wide financial statements are designed to provide readers with a broad overview of the HEDC's finances, using accounting methods similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expenses are considered regardless of when cash



is received or paid. The statement of net assets presents information on all of the HEDC's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the HEDC is improving or deteriorating.

ATTACHMENTS:

Attachment A – Governance Letter

Attachment B – Annual Comprehensive Financial Report (ACFR)

PREPARED BY: Glenn Goolsby, Executive Director

DATE SUBMITTED: April 13, 2023



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

February 17, 2023

Board of Directors
Helotes Economic Development Corporation

We have audited the financial statements of the governmental activities and the major fund of Helotes Economic Development Corporation for the years ended September 30, 2022 and 2021. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 30, 2022, our responsibility as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material aspects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Helotes solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethical Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022 except for the following:

As of October 1, 2021, the Corporation implemented Governmental Accounting Standards Board Statement 87 regarding leases (contracts that confer the right to use an asset). The Corporation performed an evaluation of its significant contracts and found no leases at this time that would require changes in their treatment or disclosure as they are not material to the financial statements. The Corporation has decided to continue these agreements as a period cost, resulting in no change to the financial statements at this time.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. There were no sensitive estimates affecting the financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The Corporation does not have any sensitive financial statement disclosures.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all such audit differences.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Additionally, none of the differences detected as a result of audit procedures were material to the financial statements either individually or in the aggregate.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated February 17, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

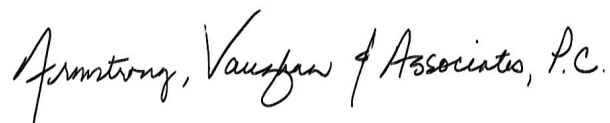
Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of Helotes, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of Helotes's auditors.

Compliance with Public Funds Investment Act

The Public Funds Investment Act requires that we include, as part of our audit, procedures to determine if the Corporation complied with the provisions of the Act. We found, as a result of our tests, that the Corporation has complied in all material respects, with the provisions of the Act and the Corporation's internal investment policy.

This report is intended solely for the information and use of the board of directors and management of the Helotes Economic Development Corporation and is not intended to be and should not be used by anyone other than these specified parties.



Armstrong, Vaughan & Associates, P.C.

February 17, 2023

**CITY OF HELOTES ECONOMIC
DEVELOPMENT CORPORATION**

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEARS ENDED
SEPTEMBER 30, 2022 AND 2021**



CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

PRINCIPAL OFFICERS

PRESIDENTBlaine Lopez
VICE PRESIDENT John Kodosky
SECRETARYMelody Cooper
BOARD MEMBERMelissa Benavides
BOARD MEMBERJeff Felty
BOARD MEMBER Gregory Hayden
BOARD MEMBER Joel Lutz



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Helotes Economic Development Corporation
City of Helotes, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Helotes Economic Development Corporation (a component unit of the City of Helotes) as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements which collectively comprise the City of Helotes Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of City of Helotes Economic Development Corporation, as of September 30, 2022 and 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Helotes Economic Development Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Helotes Economic Development Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Helotes Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Helotes Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

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

Armstrong, Vaughan & Associates, P.C.

Armstrong, Vaughan & Associates, P.C.

February 17, 2023

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Helotes Economic Development Corporation, a component unit of the City of Helotes, financial performance provides an overview of the Corporation’s financial activity for the fiscal year ended September 30, 2022. It should be read in conjunction with the financial statements.

Financial Highlights

- The Corporation’s net position was \$3.2 million at September 30, 2022.
- The Corporation’s total revenues were \$1.8 million while total expenses including transfers out to the primary government were \$727 thousand.
- The Corporation’s net position increased by \$1.1 million after the transfer of pledged revenue to the primary government (City of Helotes).

Corporation Highlights

City of Helotes Economic Development Corporation was formed in February 6, 2003 under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4B. It receives all its proceeds from the 1/2 cent sales tax adopted in 2003 for economic development in the City of Helotes.

Using this Annual Report

This annual report consists of three parts: Management’s Discussion and Analysis, Financial Statements and Required Supplementary Information. The Statement of Net Position and Activities provides information on the Corporation as a whole. The Corporation’s net position—the difference between assets and liabilities—provides one way to measure financial health or financial position.

Statement of Net Position

Table 1 shows all of the assets and liabilities of the Corporation and is presented on the accrual basis. The total net position is \$3.2 million.

Table 1
City of Helotes Economic Development Corporation
Net Position

| | 2022 | 2021 | 2020 |
|----------------------------------|---------------------|---------------------|---------------------|
| Cash and Investments | \$ 3,126,328 | \$ 1,966,864 | \$ 1,625,508 |
| Accounts Receivable | 672,143 | 409,064 | 286,862 |
| Due from Primary Government | - | - | 60,000 |
| Land | 48,140 | 48,140 | 48,140 |
| Total Assets | <u>3,846,611</u> | <u>2,424,068</u> | <u>2,020,510</u> |
| Liabilities | 630,336 | 314,144 | 188,173 |
| Total Liabilities | <u>630,336</u> | <u>314,144</u> | <u>188,173</u> |
| Net Investment in Capital Assets | 48,140 | 48,140 | 48,140 |
| Unrestricted | 3,168,135 | 2,061,784 | 1,784,197 |
| Total Net Position | <u>\$ 3,216,275</u> | <u>\$ 2,109,924</u> | <u>\$ 1,832,337</u> |

Statement of Activities

Table 2 shows all of the expenses and revenues of the Corporation and is also presented on the accrual basis. General Revenues consist of the ½ cent sales tax the Corporation receives for economic development.

Table 2
City of Helotes Economic Development Corporation
Statement of Activities and Changes in Net Position

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------------|--------------------|-------------------|
| Program Revenues | \$ - | \$ 160,000 | \$ 60,000 |
| General Revenues | 1,832,863 | 1,290,503 | 1,036,562 |
| Total Revenues | <u>1,832,863</u> | <u>1,450,503</u> | <u>1,096,562</u> |
| | | | |
| Total Expenses | (324,217) | (851,247) | (253,847) |
| Transfers In (Out) to Primary Government | <u>(402,295)</u> | <u>(321,669)</u> | <u>(329,210)</u> |
| Total Expenses | <u>(726,512)</u> | <u>(1,172,916)</u> | <u>(583,057)</u> |
| | | | |
| Change in Net Position | <u>\$ 1,106,351</u> | <u>\$ 277,587</u> | <u>\$ 513,505</u> |

Balance Sheet

The Balance Sheet shows the assets, liabilities, and fund balances of the Corporation.

Statement of Revenues, Expenditures, and Changes in Fund Balance

This Statement shows the revenues and expenditures for the Corporation. The largest source of income is from the 1/2 cent sales tax adopted in 2003 for economic development. Current year expenses increased significantly from prior year due to grants issued to local qualifying business.

Budget to Actual

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

Description of Current and Expected Conditions

The City of Helotes Economic Development Corporation has experienced sales tax growth in the wholesale trade and manufacturing sector beginning in March 2022 through October 2022 which we anticipate to level off or slightly decrease due to inflationary pressures.

The City of Helotes Economic Development Corporation has created several programs to assist local businesses to promote and/or expand their establishment. Those include e-commerce grant, tenant improvement grant, art grant, and other targeted development incentives.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances and show the Corporation's accountability to its taxpayers. If you have any questions about this report or need additional financial information, contact the City of Helotes Economic Development Corporation at P.O. Box 507, Helotes, Texas 78023 or at (210) 695-8877.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 COMPARATIVE STATEMENTS OF NET POSITION
 SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|----------------------------------|---------------------|--------------|
| ASSETS | | |
| Cash and Investments | \$ 3,126,328 | \$ 1,966,864 |
| Accounts Receivable - State | 672,143 | 409,064 |
| Capital Assets: | | |
| Land | 48,140 | 48,140 |
| TOTAL ASSETS | \$ 3,846,611 | \$ 2,424,068 |
| LIABILITIES | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 10,211 | \$ 3,057 |
| Accrued Liabilities | 589,357 | 286,248 |
| Accrued Compensated Absences | 30,768 | 24,839 |
| TOTAL LIABILITIES | 630,336 | 314,144 |
| NET POSITION | | |
| Net Investment in Capital Assets | 48,140 | 48,140 |
| Unrestricted | 3,168,135 | 2,061,784 |
| TOTAL NET POSITION | \$ 3,216,275 | \$ 2,109,924 |

The accompanying notes are an integral part of these statements.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 COMPARATIVE STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---|--------------------|---------------------|
| EXPENSES | | |
| Personnel | \$ 100,154 | \$ 95,606 |
| Professional Services | 128,670 | 62,757 |
| Office Supplies and Expenses | 40,045 | 30,421 |
| Training and Seminars | 13,762 | 6,206 |
| Reimbursement to City Administration | 36,000 | 36,000 |
| Parking Agreement | 5,586 | 5,457 |
| Small Business Loan Assistance Program | - | 610,850 |
| Other Expenses | - | 3,950 |
| TOTAL EXPENSES | 324,217 | 851,247 |
| REVENUES | | |
| <i>Program Revenues:</i> | | |
| Operating Grants | - | 160,000 |
| <i>Total Program Revenues</i> | - | 160,000 |
| <i>Net Governmental Activities</i> | (324,217) | (691,247) |
| <i>General Revenues:</i> | | |
| Sales Tax | 1,810,249 | 1,284,636 |
| Miscellaneous | 4,200 | 4,200 |
| Interest | 18,414 | 1,667 |
| <i>Total General Revenues</i> | 1,832,863 | 1,290,503 |
| <i>Transfers From (To) Primary Government</i> | (402,295) | (321,669) |
| <i>Change in Net Position</i> | 1,106,351 | 277,587 |
| BEGINNING NET POSITION | 2,109,924 | 1,832,337 |
| ENDING NET POSITION | \$3,216,275 | \$ 2,109,924 |

The accompanying notes are an integral part of these statements.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 COMPARATIVE BALANCE SHEETS
 SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Cash and Investments | \$ 3,126,328 | \$ 1,966,864 |
| Accounts Receivable - State | 672,143 | 409,064 |
| TOTAL ASSETS | <u>\$ 3,798,471</u> | <u>\$ 2,375,928</u> |
| LIABILITIES AND FUND BALANCE | | |
| <i>Liabilities:</i> | | |
| Accounts Payable | \$ 10,211 | \$ 3,057 |
| Accrued Liabilities | 589,357 | 286,248 |
| <i>Total Liabilities</i> | <u>599,568</u> | <u>289,305</u> |
| <i>Fund Balance:</i> | | |
| Unassigned | 3,198,903 | 2,086,623 |
| <i>Total Fund Balance</i> | <u>3,198,903</u> | <u>2,086,623</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 3,798,471</u> | <u>\$ 2,375,928</u> |
| RECONCILIATION OF THE BALANCE SHEETS TO THE STATEMENTS OF NET POSITION: | | |
| TOTAL FUND BALANCES | \$ 3,198,903 | \$ 2,086,623 |
| Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund financial statements | 48,140 | 48,140 |
| Accrued compensated absences are not due and payable from current financial resources and, therefore, are not reported in the governmental funds | (30,768) | (24,839) |
| TOTAL NET POSITION | <u>\$ 3,216,275</u> | <u>\$ 2,109,924</u> |

The accompanying notes are an integral part of these statements.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

| | 2022 | 2021 |
|---|---------------------|--------------|
| REVENUES | | |
| Sales Tax | \$ 1,810,249 | \$ 1,284,636 |
| Grants and Interlocal Agreements | - | 160,000 |
| Miscellaneous Income | 4,200 | 4,200 |
| Interest | 18,414 | 1,667 |
| TOTAL REVENUES | 1,832,863 | 1,450,503 |
| EXPENDITURES | | |
| Personnel | 94,225 | 95,392 |
| Professional Services | 128,670 | 62,757 |
| Office Supplies and Expenses | 40,045 | 30,421 |
| Training and Seminars | 13,762 | 6,206 |
| Reimbursement to City Administration | 36,000 | 36,000 |
| Parking Agreement | 5,586 | 5,457 |
| Small Business Loan Assistance Program | - | 610,850 |
| Other Expenses | - | 3,950 |
| TOTAL EXPENDITURES | 318,288 | 851,033 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,514,575 | 599,470 |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer In (Out) to Primary Government | (402,295) | (321,669) |
| TOTAL OTHER FINANCING SOURCES (USES) | (402,295) | (321,669) |
| Net Change in Fund Balance | 1,112,280 | 277,801 |
| BEGINNING FUND BALANCE | 2,086,623 | 1,808,822 |
| ENDING FUND BALANCE | \$ 3,198,903 | \$ 2,086,623 |
| RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO STATEMENTS OF NET POSITION: | | |
| NET CHANGE IN FUND BALANCE | \$ 1,112,280 | \$ 277,801 |
| 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 fund financial statements | (5,929) | (214) |
| CHANGE IN NET POSITION | \$ 1,106,351 | \$ 277,587 |

The accompanying notes are an integral part of these statements.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

City of Helotes Economic Development Corporation is a nonprofit industrial corporation, with powers of taxation, created pursuant to Section 4B Article 5190.6 of Vernons Texas Civil Statutes (V.T.C.S.), as amended. City of Helotes Economic Development Corporation (hereafter referred to as the Corporation) was created February 6, 2003 to act on behalf of the City for promotion, development, and enhancement of economic development within the City of Helotes. The Corporation is a component unit of the City of Helotes. A component unit is a legally separate corporation for which the elected officials of the governmental unit are financially accountable. The Corporation is presented in the City's financial statements as a blended component unit.

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

2. Basis of Presentation

The government-wide financial statements are presented in accordance with GASB 34, which mandates government-wide financial statements of net position and activities, and are presented on the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows. It also requires that capital assets be recorded at cost less accumulated depreciation.

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

3. Budgets

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

4. Cash and Investments

Cash includes cash deposits and investments with maturity dates within three (3) months of the date acquired by the Development Corporation.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

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

4. Cash and Investments (Continued)

The Corporation reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

5. Related Party Transactions

During the course of operations, numerous transactions occur between the Corporation and the City. These receivables and payables are classified as "due from primary government" or "due to primary government" on the Balance Sheet and Statement of Net Position. The Corporation reimburses the City for its share of personnel costs and paid an agreed upon rate of \$36,000 for general administrative overhead. The Corporation has also pledged revenue to cover a portion of the City's debt service (see note F).

During the normal course of operations, payables and receivables occur between the Corporation and City based on the timing of transactions between the two entities. These balances are expected to be paid/received in the next fiscal year.

6. Capital Assets

Capital assets, which include land, are capitalized at total acquisition cost or fair market value at the time of donation if donated. Depreciation (where applicable) is recorded on all depreciable capital assets on a straight-line basis over the estimated useful lives. Land held for future development is not depreciated.

7. Sales Tax Revenue

The citizens of the City of Helotes voted to adopt an additional one-half of one percent (1/2 cent or \$0.0050) local sales and use tax to be used by the Corporation for the promotion and development of new and expanded business enterprises and any other purposes authorized by Section 4B, Article 5190.6, V.T.C.S., as amended (the Development Corporation Act of 1979).

8. Fund Balance

Fund Balance is classified as follows:

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

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

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2022 AND 2021

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

8. Fund Balance (Continued)

Committed – Represents amounts that can be used only for the specific purposes determined by a formal action of the government’s highest decision-making authority. The governing board is the highest level of decision-making authority for the corporation that can commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

Assigned – Represents amounts which the Corporation intends to use for a specific purpose but does not meet the criteria of restricted or committed. The Board of Directors may make assignments and has chosen not to delegate that authority to any other individuals.

Unassigned - Represents the residual balance that may be spent on any other purpose for the Corporation.

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

9. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any loans used to purchase, construct, or improve those assets.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. Adoption of new Pronouncements

As of October 1, 2021, the Corporation implemented Governmental Accounting Standards Board Statement 87 regarding leases (contracts that confer the right to use an asset). The Corporation performed an evaluation of its significant contracts and found no lease agreements at this time that would require changes in their treatment or disclosure.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

At September 30, 2022 and 2021, the total carrying amount of the Corporation's deposits were \$325,954 and \$211,879, respectively, and the bank balance was \$328,185 and \$218,451, respectively. All cash deposits were fully collateralized.

2. Investments

As of September 30, 2022, the Corporation had the following investments:

| | 2022 | 2021 |
|--------------------------|--------------|--------------|
| | Carrying | Carrying |
| | Value | Value |
| <i>Investment Pools:</i> | | |
| TexPool | \$ 27 | \$ 27 |
| LOGIC | 2,800,347 | 1,754,958 |
| | \$ 2,800,374 | \$ 1,754,985 |

The net asset value of investments are valued using prices quoted prices in active markets (Level 1) inputs.

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 September 30, 2022 and 2021, the City of Helotes Economic Development Corporation was not significantly exposed to credit risk.

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 of Helotes Economic Development Corporation'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 of Helotes Economic Development Corporation's name.

At September 30, 2022 and 2021, the City of Helotes Economic Development Corporation was not exposed to custodial credit risk.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

NOTE B -- DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. As of September 30, 2022 and 2021, the City of Helotes Economic Development Corporation had no exposure to concentration of credit risk.

NOTE C -- CAPITAL ASSETS

Activity for assets capitalized by the Corporation is summarized below:

| | Balance 10/1/2021 | Additions | Deletions | Balance 9/30/2022 |
|------|----------------------|-----------|-----------|----------------------|
| Land | \$ 48,140 | \$ - | \$ - | \$ 48,140 |

Land is not depreciated.

NOTE D -- INTERFUND BALANCES

Interfund balances represent reimbursements for expenditures paid or cash received on behalf of other funds and are expected to be liquidated in the next fiscal year. There were no interfund balances at September 30, 2022.

NOTE E -- TRANSFERS

Transfers during the year ended September 30, 2022, were as follows:

| Transfer Out | Transfer In | 2022 Amount | 2021 Amount | Purpose |
|--------------|---------------------------------------|----------------|----------------|--------------------------|
| EDC | Primary Government - Debt Service | \$ 339,560 | \$ 321,669 | Pledged revenue |
| EDC | Primary Government - Capital Projects | 62,735 | - | Contribution for Capital |
| | | \$ 402,295 | \$ 321,669 | |

NOTE F -- COMMITMENTS AND CONTINGENCIES

Litigation

Management is not aware of any pending or threatened litigation that may have a material impact on the Corporation's financial statements.

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2022 AND 2021

NOTE F -- COMMITMENTS AND CONTINGENCIES (Continued)

380 Development Agreement

The City of Helotes and the Economic Development Corporation have entered into 380 Development agreements to encourage growth within the City. The agreements involve the City and Corporation reimbursing the project costs through refunding a portion of the sales and use taxes generated by the projects up to a maximum amount. No reimbursements have been made as of the date of this report, but the City and Corporation are recording estimated rebate amounts. The terms of the agreements are as follows:

| Development, Date Began | Sales Tax Refund Agreement | | Maximum Grant Amount | Current Year Reductions | Maximum EDC Balance Due | Term |
|--|----------------------------|---------------|----------------------|-------------------------|-------------------------|----------|
| | City | EDC | | | | |
| Bluff and Shops at Old Town Helotes (2014) | 50% | 50% | \$ 2,000,000 | \$ - | \$ 1,000,000 | 15 years |
| Texas Developers, LLC (2016) | 75% of excess | 75% of excess | N/A | \$ 2,296,230 | N/A | 20 years |
| CSDRE LLC and Slim Texas LLC (2017) | 40% | 40% | \$ 600,000 | \$ - | \$ 298,684 | 13 years |

Pledged Revenue

Through Interlocal Agreements with the City of Helotes, the Economic Development Corporation has pledged a portion of its revenue over the next 20 years to reimburse the City for debt service on multiple bonds issued. The agreements called for reimbursement of \$4,000,000 for the Certificates of Obligation Series 2007 and \$937,480 for the Certificates of Obligation Series 2015 issued by the City. These portions of the debt issuance were used by the Corporation for implementation of The Old Town Helotes Improvements and State Highway 16 & Helotes Linear Creek Development Projects. The Corporation transferred \$339,560 and \$321,669 during the years ended September 30, 2022 and 2021, respectively, for the debt service requirements and is up to date on payments required by the agreement. The Economic Development Corporation's future pledged revenues are as follows:

| Fiscal Year Ending September 30, | Series 2007 | Series 2015 | Total |
|-------------------------------------|---------------------|-------------------|---------------------|
| 2023 | \$ 298,339 | \$ 32,321 | \$ 330,660 |
| 2024 | 298,318 | 32,365 | 330,683 |
| 2025 | 297,903 | 31,795 | 329,698 |
| 2026 | 297,096 | 31,779 | 328,875 |
| 2027 | 300,797 | 31,189 | 331,986 |
| 2028 - 2032 | - | 339,999 | 339,999 |
| 2033 - 2035 | - | 128,773 | 128,773 |
| | <u>\$ 1,492,453</u> | <u>\$ 628,221</u> | <u>\$ 2,120,674</u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2021)

| | Budgeted Amounts | | Actual 2022 | Variance | Actual 2021 |
|--|---------------------|---------------------|----------------------------|----------------------------|---------------------|
| | Original | Final | | Favorable (Unfavorable) | |
| REVENUES | | | | | |
| Taxes | \$ 1,086,150 | \$ 1,086,150 | \$ 1,810,249 | \$ 724,099 | \$ 1,284,636 |
| Grants and Interlocal Agreements | - | - | - | - | 160,000 |
| Miscellaneous | 4,200 | 4,200 | 4,200 | - | 4,200 |
| Interest | 5,000 | 5,000 | 18,414 | 13,414 | 1,667 |
| TOTAL REVENUES | <u>1,095,350</u> | <u>1,095,350</u> | <u>1,832,863</u> | <u>737,513</u> | <u>1,450,503</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Personnel | 95,994 | 95,994 | 94,225 | 1,769 | 95,392 |
| Professional Services | 174,700 | 174,700 | 128,670 | 46,030 | 62,757 |
| Office Supplies and Expenses | 113,250 | 113,250 | 40,045 | 73,205 | 30,421 |
| Training and Seminars | 19,200 | 19,200 | 13,762 | 5,438 | 6,206 |
| City Administration Cost Reimbursement | 36,000 | 36,000 | 36,000 | - | 36,000 |
| Parking Agreement | 6,120 | 6,120 | 5,586 | 534 | 5,457 |
| Small Business Loan Assistance Program | - | - | - | - | 610,850 |
| Other Expenses | 250 | 250 | - | 250 | 3,950 |
| Capital Outlay | 460,000 | 460,000 | - | 460,000 | - |
| TOTAL EXPENDITURES | <u>905,514</u> | <u>905,514</u> | <u>318,288</u> | <u>587,226</u> | <u>851,033</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>189,836</u> | <u>189,836</u> | <u>1,514,575</u> | <u>1,324,739</u> | <u>599,470</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer In (Out) to Primary Government | (141,112) | (141,112) | (402,295) | (261,183) | (321,669) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(141,112)</u> | <u>(141,112)</u> | <u>(402,295)</u> | <u>(261,183)</u> | <u>(321,669)</u> |
| Net Change in Fund Balance | 48,724 | 48,724 | 1,112,280 | 1,063,556 | 277,801 |
| Fund Balance - October 1 | <u>2,086,623</u> | <u>2,086,623</u> | <u>2,086,623</u> | <u>-</u> | <u>1,808,822</u> |
| Fund Balance - September 30 | <u>\$ 2,135,347</u> | <u>\$ 2,135,347</u> | <u>\$ 3,198,903</u> | <u>\$ 1,063,556</u> | <u>\$ 2,086,623</u> |

CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE ACTUAL AMOUNTS FOR 2021)

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Corporation maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund.

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





**City of Helotes EDC
AGENDA ITEM REQUEST FORM
DATE: April 15, 2023**

AGENDA PLACEMENT: **PUBLIC HEARING**
 CONSENT
 INDIVIDUAL
 CLOSED

CAPTION:

Discussion of and action on expanding the HEDC offices, including creating coworking office space. (Staff)

EXECUTIVE SUMMARY:

Staff presented a project for the HEDC to lease additional office space with the intent to create executive office suites or coworking space. Direction was given to explore the feasibility and provide budget estimates to complete the work. Staff has researched renovation, a/v equipment, and furniture expenditures and anticipates the following range;

- Renovation: \$90,000 - \$150,000
- A/V Equipment: \$18,000 - \$27,000
- Furniture: \$12,000 - \$25,000

Staff has also performed a preliminary market study to determine the current rental rates.

- Private Office: \$400 - \$750 per month
- Shared Office: \$100 - \$300 per month
- Virtual Office: \$65 - \$100 per month
- Virtual Plus: \$150 - \$225 per month
- Meeting Room: \$35 – \$75 per hour
- Lounge Access: \$65 - \$100 per month

In order to break even over 10 years the HEDC would need net profits of \$1,000 - \$1,667 per month. If we assume a ten percent utilization rate the space should generate at least \$2,500 above the base rent. This does not consider the HEDC lease expenses or utilities.

Staff will need approval to move forward in order to hold the lease space and to contract with an architect to develop a floor plan and provide a more accurate cost estimate.

ATTACHMENTS: N/A

PREPARED BY: Glenn Goolsby, Executive Director



**City of Helotes EDC
AGENDA ITEM REQUEST FORM
DATE: April 15, 2023**

AGENDA PLACEMENT: **PUBLIC HEARING**
 CONSENT
 INDIVIDUAL
 CLOSED

CAPTION:

Discussion of and action on art pieces approved during the 2022 arts grant program.

EXECUTIVE SUMMARY:

The HEDC Board of Directors approved the 2022 Arts Grant Program on January 19, 2022 and the first project was approved on August 17, 2022. The HEDC approved funding of \$11,212.50. To date, the HEDC has paid \$7,004.26 for materials and installation. The artists anticipated it would take 3-4 months to complete. However, the first two pieces were installed in late March 2023. Board members Jeff Felty and Joel Lutz requested the item be placed on the agenda as they felt the pieces were both not in keeping with the approved design and significantly behind schedule.

Attached you will find the artist sketch of the proposed art pieces that were approved by the arts grant committee, the HEDC Board of Directors, and the City Council. Staff is seeking direction from the Board of Directors on how to proceed.

ATTACHMENTS: Original artist sketches and pictures of artwork

PREPARED BY: Glenn Goolsby, Executive Director



RIVER MUSE



KARST MUSE



RAIN MUSE



CLOUD MUSE



