

CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023



Prepared by:
Administration and Finance Department
Buddy Kuhn, City Manager
Phil Laney, Assistant City Manager
Robert Galindo, Director of Finance



CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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INTRODUCTORY SECTION



City of Alamo Heights
6116 Broadway
SAN ANTONIO, TEXAS 78209
210-822-3331



April 29, 2024

To the Honorable Mayor, Members of the City Council, and the Citizens of the City of Alamo Heights, Texas:

The Annual Comprehensive Financial Report (ACFR) of the City of Alamo Heights, Texas (City) for the year ended September 30, 2023 is hereby submitted. The report has been coordinated by the City's Administration and Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

ABIP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Alamo Heights financial statements for the year ended September 30, 2023. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this Letter of Transmittal and should be read in conjunction with it.

This report includes all activities, functions, and organizations that relate to the City and are controlled by its governing body, the City Council.

PROFILE OF THE GOVERNMENT

The City of Alamo Heights, incorporated in 1922, operates under a Council-Manager form of government. Alamo Heights celebrated its Centennial in October 2022. Policymaking and legislative authority are vested in a governing council consisting of a mayor and five council members. All council members and the mayor are elected-at-large for staggered two-year terms.

Under the council-manager form of government, the city council is responsible for the legislative function of the City such as establishing policy, passing local ordinances, voting appropriations, and developing an overall vision for the City. The city council appoints a professional manager to oversee the administrative operations, implement its policies, and advise it.

The city manager serves as chief executive officer and is responsible for carrying out the policies and ordinances, for overseeing the day-to-day operations of the city government, planning and budgetary management.

The City prides itself on the quality of its service delivery to its residents. In the future, residents can continue to expect to receive prompt, courteous service from city staff.

LOCAL ECONOMY

The City is located within the San Antonio metropolitan area, completely surrounded by the City of San Antonio, the seventh largest city in the country, and other small municipalities. Most of the revenues for the City of Alamo Heights are not from tourism, which is a major revenue source for the San Antonio area. Property taxes constitute the majority of general fund revenues, representing 54 percent of general fund revenues. The City's revenue sources remained strong through the entire Fiscal Year ending September 30, 2023.

Despite its inclusion in such a major urban setting, Alamo Heights has retained its small town charm, recognized for its quiet residential streets and graceful older homes. Due to this factor, as well as the outstanding area schools, the City of Alamo Heights has long been considered one of the most desirable residential locations in the metropolitan area.

Zoning requirements that limit commercial development to two main thoroughfares and adopted Residential Development Standards enhance the primarily residential character of the City. Restrictions are also placed on the types of activities allowed. The most typical commercial activities are specialty retail stores, professional offices, restaurants and banks. The City has no industrial activity.

FINANCIAL INFORMATION

Budgetary Controls

The City adopts a budget for the general fund, debt service fund, capital projects fund, capital replacement fund, street maintenance fund, comprehensive fund and the utility fund on an annual basis. Revenues are budgeted by fund, while expenditures are budgeted by department within the fund. The legal level of budgetary control (i.e., the level at which management must seek the approval of City Council before amending the budget) is the citywide level. This means that the City Manager has the authority to move amounts between line items within a department and from one department to another. These transfers cannot have the net effect of increasing total budgeted expenditures. Each department head is responsible for monitoring departmental expenditures on an ongoing basis. Formal reports with budget to actual comparisons are presented to the city council quarterly.

Financial Policy

The emergency reserve for the General Fund should equal 35% of the departmental operating allocations. For the Utility Fund, working capital should equal 20% of operating allocations. The emergency reserve should only be utilized if the city council deems it absolutely necessary to address some unforeseen and extraordinary occurrence such as a natural disaster, catastrophic loss or significant change in financial position.

Debt Policy

The City issues debt for the purpose of financing long-term infrastructure capital improvements. Infrastructure, as referred to by the City, means economic externalities essentially required to be provided by government to support a community's basic human needs, economic activity, safety, education, and quality of life. Types of debt that can be issued by the City include ad valorem tax-supported bonds and/or certificates of obligation. Adherence to conservative financial management has allowed the City to meet its financing needs while at the same time maintaining its excellent financial reputation. The city debt policy to limit debt to 1% of assessed property valuations.

Certificates of obligation in the amount of \$7.5 million were sold in 2007 at an interest rate of 3.99% to acquire a new firefighting and rescue apparatus; make repairs, extensions and improvements to the City's water system and sanitary sewer system; construct street and sidewalk improvements; fund storm water drainage master plan; repair, modify and renovate various City facilities and pay professional services related to such projects.

In November of 2011, citizens voted to issue \$6.3 million in General Obligation Bonds for the purpose of demolishing and replacing and in certain cases renovating, the City's existing public safety and administrative facilities in order to construct new City Hall facilities. On February 1, 2012 the bonds rated a AA+ were sold at a true interest rate of 2.165%. On April 7, 2014 Standard and Poors upgraded the rating to AAA stable.

In June 2016, the City issued GO Refunding Bonds in the amount of \$2.975 million for the remaining portion of the 2007 Certificates of Obligation callable in August 2017. The interest rates were very low and the City realized net present value savings of \$195,355. The General Fund balance of the outstanding 2016 Refunding was paid off in August of 2020.

Because interest rates were very competitive in October 2020, the City issued 2020 Refunding Bonds for \$4,530,000 of the remaining 2012 G.O. bonds and net present savings were \$265,781. The city maintained its AAA bond rating from Standard and Poors.

The City of Alamo Heights voters approved the issuance of \$13.250 million in General Obligation Taxable Bonds for the Lower Broadway/Austin Highway improvement project. The bonds were issued in July 2021.

Relevant Financial Policies

Maintenance and improvement of the City's infrastructure is a priority of the City Council. A 20-year Street Maintenance Plan was developed which allows for the proper maintenance of every City street over a 20-year period. The City's annual Street Maintenance Plan includes several major street projects.

In November 2008 voters approved a ¼ cent sales tax for a 4-year period to fund street maintenance. A Street Maintenance Fund was created to account for the revenues and expenditures associated with the maintenance of city streets. The voters reauthorized this tax in November 2016. Residents voted to approve an additional ¼ cent sales tax in May 2017 for a total of a ½ cent sales tax dedicated for street maintenance. The ½ cent dedicated street maintenance tax was re-authorized by voters in May 2021.

In fiscal year 2010 the City established a Capital Replacement Fund to account for all of the revenues and expenditures associated with the replacement of vehicles and major capital equipment purchases. A schedule of equipment needs was established and is reviewed annually along with the budget making any necessary additions or deletions from the schedule.

Long-Term Financial Planning

The City is committed to continue funding its capital program on a pay-as-you-go basis. Transfers to the Street Maintenance Fund and the Capital Replacement Fund from the General Fund play a significant role in short-term and long-term financial strategies. Each year during the budget process the 20-year Street Maintenance Program is reviewed and revised for the coming year along with the 10-year Capital Replacement Program. Revenue and expense projections for the current year provide staff and council with the necessary information to determine the amount to be transferred to these plans for the current year and budgeted transfers for the coming year.

In an effort to provide the high-quality services to our utility customers, an ongoing program in the utility fund provides a minimum of two percent (2%) of the total replacement value of the water distribution system in improvements as well as two percent (2%) of the total replacement of the sanitary sewer system budgeted for improvements. This is done in coordination with the street maintenance program in an effort to minimize traffic disruption and disturbing streets.

MAJOR INITIATIVES

Each year, the City's management team, in association with the city council, creates and presents to the full city council, for their consideration and approval, a Strategic Action Plan that establishes action steps that are adopted to be accomplished during the next fiscal year. The Strategic Action Plan serves as a baseline for the formulation of the Annual Budget and each action step is assigned to individual city departments to be accomplished and to specific city council committees for review.

During the 2022-2023 fiscal year, the City continued a number of strategic initiatives, the most significant of these are:

- Continued funding of street maintenance and sidewalks
- Installation of water mains by City staff to address water and waste water separation compliance mandated by Texas Commission on Environmental Quality (TCEQ)
- Continued study of Economic Development Plans
- Continued collaboration with other agencies for the Austin Highway/Lower Broadway Improvement Project

Further refinement of the plan and implementation will occur in the next fiscal year. Major projects identified in the planning process include infrastructure needs related to water, sewer, streets, drainage and facilities.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

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 Alamo Heights for its annual comprehensive financial report for the twelve months ended September 30, 2022. This was the twenty-sixth consecutive period that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the administrative department. I would like to express my sincere appreciation to Robert Galindo, Director of Finance, for his leadership on this project and all members of the leadership team who assisted and contributed to the preparation of this report.

Respectfully submitted,

Buddy Kuhn

Buddy Kuhn
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alamo Heights
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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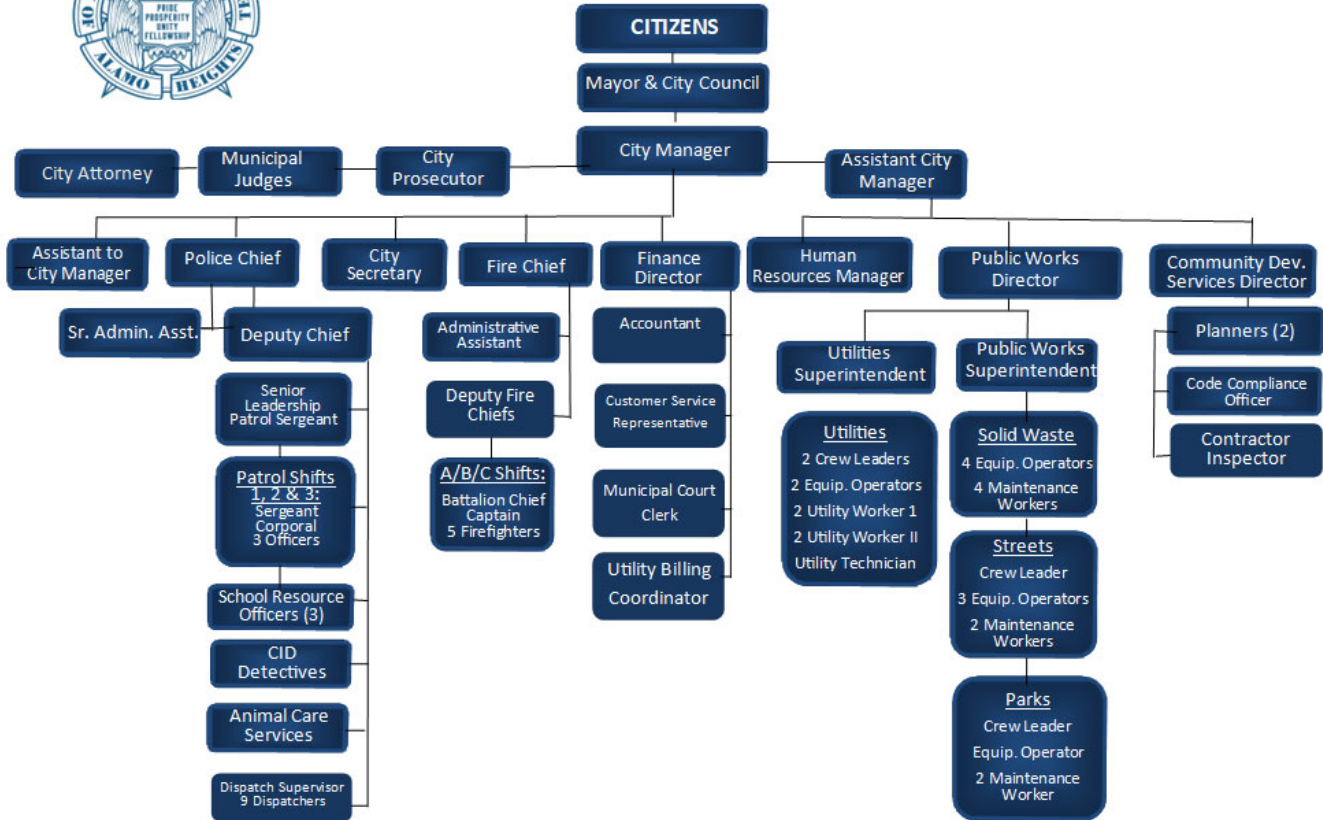
CITY OFFICIALS

Mayor	Bobby Rosenthal
Council Members	Lawson Jessee Karl P. Baker Blake M. Bonner, Mayor Pro-Tem Lynda Billa Burke John Savage
City Manager	Buddy Kuhn
Assistant City Manager	Phil Laney
City Secretary	Elsa T. Robles, TRMC
City Attorney - Davidson Troilo Ream and Garza	Frank Garza
Director of Finance	Robert Galindo
Community Development Director	Lety Hernandez
Public Works Director	Patrick Sullivan
Fire Chief	Michael Gdovin
Police Chief	Rick Pruitt

CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2023



CITY OF ALAMO HEIGHTS ORGANIZATIONAL CHART





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Alamo Heights, Texas

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas (the City) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023 and the respective changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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'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 opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 the City'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 the City's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of changes in other postemployment benefits (OPEB) liability and related ratios, and related schedules of contributions for net pension and OPEB liabilities be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements, non-major funds schedule of revenue, expenditures, and changes in fund balance-budget and actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and other information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

ABIP, PC

San Antonio, Texas
April 29, 2024



CITY OF ALAMO HEIGHTS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2023

As management of the City of Alamo Heights, Texas, (the City), readers are offered the City's financial statements, this narrative overview, and analysis of the City's financial activities for year ending September 30, 2023. The City encourages readers to consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- Property tax revenue was \$7,739,651 and increased by more than 5.05% from last year. The increase was due to an increase in the appraised property values.
- Investments of the City are governed by the Public Funds Investment Act and are limited to interest-earning bank accounts, mutual funds, obligations of the United States government, statewide investment pools, and certificates of deposit. Investment earnings for the year ended September 30, 2023 was \$1,315,112 as compared to \$223,413 for the year ended September 30, 2022. This increase was the result of increasing interest rates and investment in federal agency securities.
- The City's change in net position, which includes all activity types, increased this year by \$2,558,146.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City'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 taken into account regardless of when the cash is received or paid.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements should distinguish functions of the City that are principally supported by the City's taxing units and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, sanitation, planning and development and parks and recreation. The business-type activity of the City is comprised of the utility operations. The City is the primary government and has no component units.

Fund Financial Statements

Traditional users of government financial statements will find the fund financial statement presentation more familiar. Fund financial statements provide more information about the City's most significant funds – not the City as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statement focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains the following governmental funds: a general fund, eight special revenue funds, three capital projects funds, and a debt service fund. These funds are presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The City adopts an annual budget for the general fund, debt service fund, capital projects fund, street maintenance fund, comprehensive plan fund, and capital replacement fund. Budgetary comparison schedules have been provided as supplemental information to demonstrate compliance with this budget.

Proprietary Funds

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise fund to account for its utility operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City's progress in funding its obligation to provide pension benefits to its employees and a budgetary comparison schedule.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the City's case, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,771,490 at September 30, 2023. Of this amount, \$8,291,167 or approximately 29% represents unrestricted net position available to the City for operations.

The City's capital assets represent investments in land, buildings and improvements, furniture, office equipment, computers, infrastructure and the utility system. Approximately 34% of total assets represent capital assets. The City uses these capital assets to provide services to the taxing units and the citizens and property owners of Alamo Heights; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Further, at year end, the City ended with \$29,701,593, or approximately 48% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of \$62,451,840. Long-term liabilities amounted to \$25,187,761, which represents net pension liability, other postemployment benefits liability, certificates of obligations, general obligations, premiums on bonds, lease, and amounts accrued for compensated absences.

Statement of Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
Assets						
Other assets	\$ 37,388,805	\$ 37,022,395	\$ 3,873,456	\$ 3,780,846	\$ 41,262,261	\$ 40,803,241
Capital assets	<u>11,681,545</u>	<u>12,163,486</u>	<u>9,508,034</u>	<u>8,871,333</u>	<u>21,189,579</u>	<u>21,034,819</u>
Total assets	<u>49,070,350</u>	<u>49,185,881</u>	<u>13,381,490</u>	<u>12,652,179</u>	<u>62,451,840</u>	<u>61,838,060</u>
Deferred outflows of resources	<u>2,681,624</u>	<u>1,007,382</u>	<u>380,666</u>	<u>133,357</u>	<u>3,062,290</u>	<u>1,140,739</u>
Liabilities						
Long-term liabilities						
Due within one year	1,105,148	1,038,612	154,483	139,944	1,259,631	1,178,556
Due in more than one year	22,455,277	20,071,092	1,472,853	1,075,500	23,928,130	21,146,592
Other liabilities	<u>2,036,054</u>	<u>2,935,972</u>	<u>731,041</u>	<u>257,010</u>	<u>2,767,095</u>	<u>3,192,982</u>
Total liabilities	<u>25,596,479</u>	<u>24,045,676</u>	<u>2,358,377</u>	<u>1,472,454</u>	<u>27,954,856</u>	<u>25,518,130</u>
Deferred inflows of resources	<u>8,771,755</u>	<u>11,068,493</u>	<u>16,029</u>	<u>178,832</u>	<u>8,787,784</u>	<u>11,247,325</u>
Net position						
Net investment in capital assets	11,109,401	10,055,717	8,907,010	8,132,553	20,016,411	18,188,270
Restricted	518,770	544,755	-	-	518,770	544,755
Unrestricted	<u>5,755,569</u>	<u>4,478,622</u>	<u>2,480,740</u>	<u>3,001,697</u>	<u>8,236,309</u>	<u>7,480,319</u>
Total net position	<u>\$ 17,383,740</u>	<u>\$ 15,079,094</u>	<u>\$ 11,387,750</u>	<u>\$ 11,134,250</u>	<u>\$ 28,771,490</u>	<u>\$ 26,213,344</u>

Statement of Activities

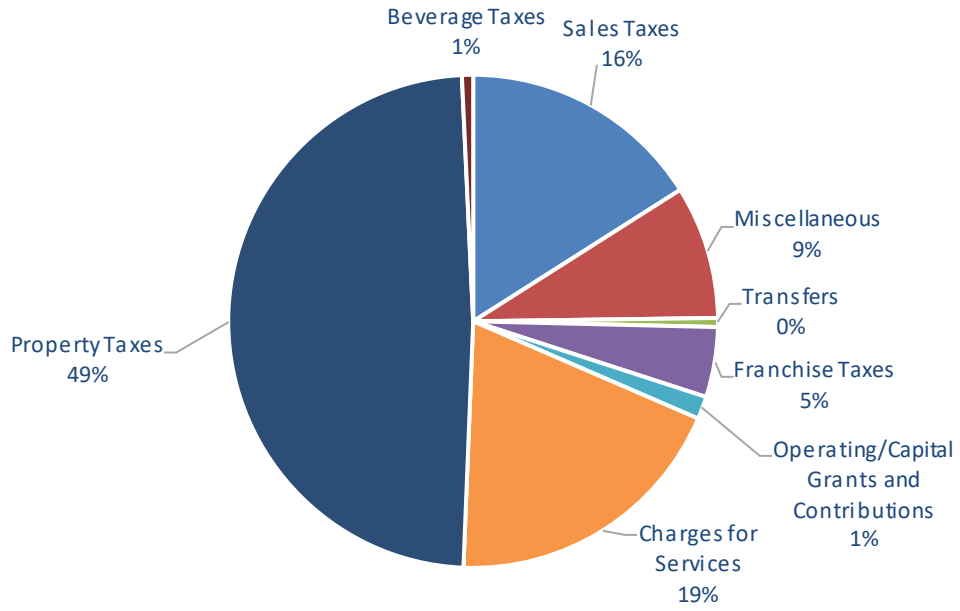
At September 30, 2023, the governmental activities ended with an overall increase in net position of \$2,304,646. Property taxes account for approximately 49% of governmental activities revenues and increased in the current year due to an increase in property tax valuations.

The net position in the business-type activities increased by \$253,500. The net position provides for the operation and maintenance of the City's water distribution and sanitary sewer systems and for the provision of water and sewer services to its customers.

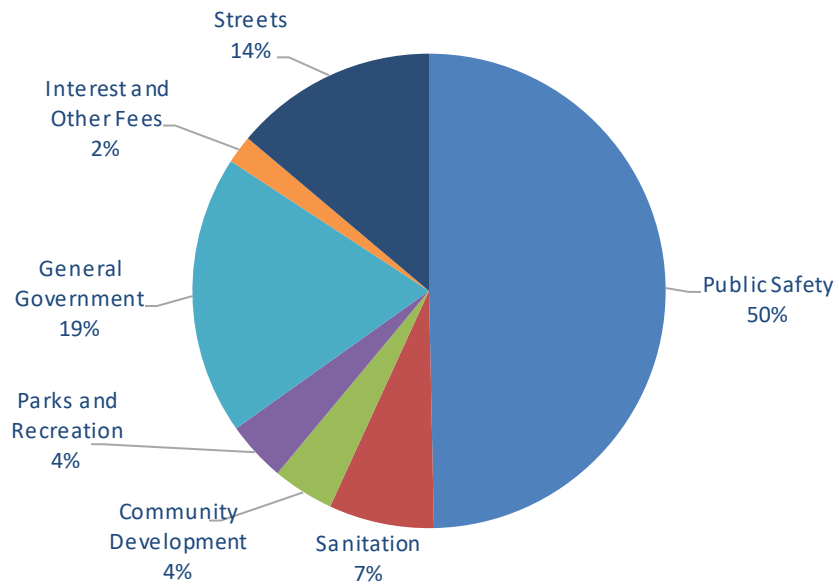
Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 3,051,674	\$ 2,873,120	\$ 4,469,804	\$ 4,510,486	\$ 7,521,478	\$ 7,383,606
Operating grants and contributions	236,543	581,177	-	-	236,543	581,177
General revenues:						
Property taxes	7,739,651	7,367,499	-	-	7,739,651	7,367,499
Sales taxes	2,553,433	2,599,290	-	-	2,553,433	2,599,290
Franchise taxes	732,204	738,938	-	-	732,204	738,938
Beverage taxes	117,390	125,287	-	-	117,390	125,287
Unrestricted investment earnings	1,315,112	199,155	115,468	24,258	1,430,580	223,413
Miscellaneous	74,965	120,818	3,616	8,128	78,581	128,946
Sale of capital assets	800	70,952	-	-	800	70,952
Total revenues	<u>15,821,772</u>	<u>14,676,236</u>	<u>4,588,888</u>	<u>4,542,872</u>	<u>20,410,660</u>	<u>19,219,108</u>
EXPENSES						
General government	2,591,843	2,560,477	-	-	2,591,843	2,560,477
Public safety	6,760,485	5,823,134	-	-	6,760,485	5,823,134
Streets	1,889,131	1,631,039	-	-	1,889,131	1,631,039
Sanitation	978,585	792,239	-	-	978,585	792,239
Community development	570,887	541,601	-	-	570,887	541,601
Parks and recreation	558,175	477,851	-	-	558,175	477,851
Interest and other fees	260,768	275,238	-	-	260,768	275,238
Utility	-	-	4,242,640	3,819,947	4,242,640	3,819,947
Total expenses	<u>13,609,874</u>	<u>12,101,579</u>	<u>4,242,640</u>	<u>3,819,947</u>	<u>17,852,514</u>	<u>15,921,526</u>
Increase (decrease) in net position before transfers	2,211,898	2,574,657	346,248	722,925	2,558,146	3,297,582
TRANSFERS	<u>92,748</u>	<u>70,801</u>	<u>(92,748)</u>	<u>(70,801)</u>	<u>-</u>	<u>-</u>
Change in net position	2,304,646	2,645,458	253,500	652,124	2,558,146	3,297,582
NET POSITION – BEGINNING	<u>15,079,094</u>	<u>12,433,636</u>	<u>11,134,250</u>	<u>10,482,126</u>	<u>26,213,344</u>	<u>22,915,762</u>
NET POSITION – ENDING	<u>\$ 17,383,740</u>	<u>\$ 15,079,094</u>	<u>\$ 11,387,750</u>	<u>\$ 11,134,250</u>	<u>\$ 28,771,490</u>	<u>\$ 26,213,344</u>

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The City reported the general fund, American Rescue Plan Act (ARPA) grant fund, and the capital projects fund as major governmental funds. The general fund is the chief operating fund of the City. The primary source of revenue in the general fund consists of property taxes. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6,255,878 compared to \$6,227,944 in 2022, an increase of \$27,934. This change was due to the increase in ad valorem collections, sales, and franchise tax revenues during the year. The fund balance reflects a point in time and the effect of the tax cycle.

The City's capital projects fund had a change in fund balance of \$613,964 because of investment income and the City transferred from the general fund \$25,000 to assist with project costs.

The City's ARPA grant fund had expenditures and revenue of \$285,961 from grant allowable expenditures.

The City's other governmental funds increased fund balance by \$1,424,071 during the fiscal year due primarily due to transfers from the general fund. At September 30, 2023, \$518,770 was restricted for various other governmental activities.

Proprietary Funds

As reported earlier, the primary function of the proprietary funds of the City is the utility operation. Revenues for proprietary funds amounted to \$4,588,888 and expenses were \$4,242,640. This resulted in a \$253,500 increase in net position. The primary cause of the increase in net position was due to an increase in charges for services as a result of an increase in consumption. Net position at year end was \$11,387,750.

General Fund Budgetary Highlights

The revision in the budget were amounts to increase administration capital equipment expenditures.

Total revenues were over budget by \$711,763 and expenditures were under budget by \$812,158. The savings in expenditures are across departments and mainly attributable to a decrease in commodities and contractual spending. Significant budgetary variances during the period ended September 30, 2023 included the following:

- A majority of the positive expense budget variance was attributed to commodities and contractual expenses.

Capital Assets

At the end of 2023, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) \$11,681,545 and \$9,508,034, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture, office equipment, computers, infrastructure and the utility system. Depreciation expense for the year was \$2,096,476 and \$376,900 for governmental and business-type activities, respectively. For more detail on capital assets, refer to note 3 of the financial statements.

Schedule of Change in Capital Assets

Capital Assets (Net of Depreciation)

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2023	2022	2023	2022	2023	2022
Land	\$ 1,479,580	\$ 1,479,580	\$ -	\$ -	\$ 1,479,580	\$ 1,479,580
Water rights	-	-	1,003,124	1,363,113	1,003,124	1,363,113
Construction in progress	-	-	51,500	-	51,500	-
Buildings	6,095,741	6,330,004	-	-	6,095,741	6,330,004
Infrastructure	2,292,889	2,421,111	-	-	2,292,889	2,421,111
Improvements other than buildings	1,074,540	1,251,401	-	-	1,074,540	1,251,401
Furniture, fixtures, and equipment	683,937	668,903	97,625	98,985	781,562	767,888
Right to use asset	54,858	12,487	-	-	54,858	12,487
Utility system	-	-	8,355,785	7,409,235	8,355,785	7,409,235
Totals	<u>\$ 11,681,545</u>	<u>\$ 12,163,486</u>	<u>\$ 9,508,034</u>	<u>\$ 8,871,333</u>	<u>\$ 21,189,579</u>	<u>\$ 21,034,819</u>

Long-Term Debt

The City's long-term debt consists of general obligation bonds and compensated absences.

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2023	2022	2023	2022	2023	2022
General obligation	\$ 15,370,000	\$ 16,285,000	\$ 590,000	\$ 725,000	\$ 15,960,000	\$ 17,010,000
Leases and subscriptions	32,332	12,443	-	-	32,332	12,443
Bond premium	509,117	554,466	33,814	42,268	542,931	596,734
Compensated absences	<u>496,182</u>	<u>477,182</u>	<u>28,141</u>	<u>28,108</u>	<u>524,323</u>	<u>505,290</u>
Total debt	<u>\$ 16,407,631</u>	<u>\$ 17,329,091</u>	<u>\$ 651,955</u>	<u>\$ 795,376</u>	<u>\$ 17,059,586</u>	<u>\$ 18,124,467</u>

Additional details about the City's long-term debt can be found in note 3 of the financial statements.

Economic Factors

The economy in Alamo Heights, Texas is very stable because property tax, franchise tax and sales tax revenue make up 71% of the General Fund revenue. Property valuations have steadily increased and sales taxes are stable.

Request for Information

This annual comprehensive financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to Robert Galindo, Director of Finance, 6116 Broadway, San Antonio, Texas, 78209.

BASIC FINANCIAL STATEMENTS



CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 26,574,747	\$ 2,892,500	\$ 29,467,247
Investments	-	234,346	234,346
Receivables - net of allowances for uncollectibles:			
Taxes	310,935	-	310,935
Accounts	784,145	706,714	1,490,859
Lease	8,867,473	-	8,867,473
Prepays	851,505	603	852,108
Restricted assets:			
Cash and cash equivalents	-	39,293	39,293
Capital assets not being depreciated			
Land	1,479,580	-	1,479,580
Water rights	-	1,003,124	1,003,124
Construction in progress	-	51,500	51,500
Capital assets - net of:			
Accumulated depreciation			
Buildings	6,095,741	-	6,095,741
Infrastructure	2,292,889	-	2,292,889
Improvements other than buildings	1,074,540	-	1,074,540
Utility system	-	8,355,785	8,355,785
Right to use assets	54,858		
Furniture, fixtures, and equipment	683,937	97,625	781,562
Total assets	49,070,350	13,381,490	62,451,840
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - loss on refunding	57,201	22,790	79,991
Deferred outflows related to TMRS pension	2,604,883	355,211	2,960,094
Deferred outflows related to TMRS OPEB	19,540	2,665	22,205
Total deferred outflows of resources	2,681,624	380,666	3,062,290
LIABILITIES			
Accounts payable	335,870	643,929	979,799
Other payables	-	25,981	25,981
Accrued payroll	142,241	18,888	161,129
Accrued interest	43,608	2,950	46,558
Unearned revenues	1,514,335	-	1,514,335
Payable from restricted assets:			
Customer deposits	-	39,293	39,293
Long-term liabilities:			
Due within one year	1,105,148	154,483	1,259,631
Due in more than one year	15,302,483	497,472	15,799,955
Net pension liability	6,857,350	935,093	7,792,443
OPEB liability	295,444	40,288	335,732
Total liabilities	25,596,479	2,358,377	27,954,856
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to TMRS pension	15,341	2,092	17,433
Deferred inflows related to TMRS OPEB	102,211	13,937	116,148
Deferred inflows related to leases	8,654,203	-	8,654,203
Total deferred inflows of resources	8,771,755	16,029	8,787,784
NET POSITION			
Net investment in capital assets	11,109,401	8,907,010	20,016,411
Restricted for:			
Confiscated property	32,611	-	32,611
Court security	102,013	-	102,013
Community programs	4,719	-	4,719
Police training	32,888	-	32,888
Court technology	21,639	-	21,639
Animal services	14,383	-	14,383
Debt service	310,517	-	310,517
Unrestricted	5,755,569	2,480,740	8,236,309
Total net position	\$ 17,383,740	\$ 11,387,750	\$ 28,771,490

(The accompanying notes are an integral part of these financial statements)

CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF ACTIVITIES

Year ended September 30, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary government			
Governmental activities:			
General government	\$ 2,591,843	\$ 1,556,655	\$ 217,400
Public safety	6,760,485	1,078,947	19,143
Streets	1,889,131	-	-
Sanitation	978,585	384,841	-
Community			
Development	570,887	31,231	-
Parks and recreation	558,175	-	-
Interest and other fees	<u>260,768</u>	<u>-</u>	<u>-</u>
Total governmental activities	13,609,874	3,051,674	236,543
Business-type activities:			
Utility	<u>4,242,640</u>	<u>4,469,804</u>	<u>-</u>
Total government	<u>\$ 17,852,514</u>	<u>\$ 7,521,478</u>	<u>\$ 236,543</u>

General revenues

- Taxes:
 - Property taxes
 - Sales taxes
 - Franchise taxes
 - Beverage taxes
- Unrestricted investment earnings
- Miscellaneous
- Sale of capital assets
- Transfers

Total general revenues and transfers

Change in net position

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

(The accompanying notes are an integral part of these financial statements)

NET (EXPENSES) REVENUES AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
\$ (817,788)	\$ -	\$ (817,788)
(5,662,395)	-	(5,662,395)
(1,889,131)	-	(1,889,131)
(593,744)	-	(593,744)
(539,656)	-	(539,656)
(558,175)	-	(558,175)
<u>(260,768)</u>	<u>-</u>	<u>(260,768)</u>
(10,321,657)	-	(10,321,657)
<u>-</u>	<u>227,164</u>	<u>227,164</u>
<u>(10,321,657)</u>	<u>227,164</u>	<u>(10,094,493)</u>
7,739,651	-	7,739,651
2,553,433	-	2,553,433
732,204	-	732,204
117,390	-	117,390
1,315,112	115,468	1,430,580
74,965	3,616	78,581
800	-	800
<u>92,748</u>	<u>(92,748)</u>	<u>-</u>
<u>12,626,303</u>	<u>26,336</u>	<u>12,652,639</u>
2,304,646	253,500	2,558,146
<u>15,079,094</u>	<u>11,134,250</u>	<u>26,213,344</u>
<u>\$ 17,383,740</u>	<u>\$ 11,387,750</u>	<u>\$ 28,771,490</u>

CITY OF ALAMO HEIGHTS, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

September 30, 2023

	<u>GENERAL FUND</u>	<u>ARPA GRANT</u>	<u>CAPITAL PROJECTS FUND</u>
ASSETS			
Cash and cash equivalents	\$ 6,214,229	\$ 1,514,335	\$ 15,282,104
Receivables - net of allowances for uncollectibles			
Taxes, net	156,259	-	-
Accounts, net	784,145	-	-
Prepays	81,965	-	-
Lease receivable	<u>8,867,473</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 16,104,071</u>	<u>\$ 1,514,335</u>	<u>\$ 15,282,104</u>
LIABILITIES			
Accounts payable	\$ 317,700	\$ -	\$ -
Accrued liabilities	224,940	-	-
Unearned revenue	<u>-</u>	<u>1,514,335</u>	<u>-</u>
Total liabilities	<u>542,640</u>	<u>1,514,335</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes	152,757	-	-
Lease	8,654,203	-	-
Warrants	<u>416,628</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>9,223,588</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable - prepaids	81,965	-	-
Restricted for:			
Confiscated property	-	-	-
Court security	-	-	-
Community programs	-	-	-
Police training	-	-	-
Court technology	-	-	-
Capital projects	-	-	15,282,104
Animal services	-	-	-
Debt service	-	-	-
Committed for:			
Capital replacement	-	-	-
Street maintenance	-	-	-
Comprehensive plan	-	-	-
Assigned			
Unassigned	<u>6,255,878</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,337,843</u>	<u>-</u>	<u>15,282,104</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,104,071</u>	<u>\$ 1,514,335</u>	<u>\$ 15,282,104</u>

(The accompanying notes are an integral part of these financial statements)

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 3,564,079	\$ 26,574,747
154,676	310,935
-	784,145
769,540	851,505
-	8,867,473
<u>\$ 4,488,295</u>	<u>\$ 37,388,805</u>
\$ 18,170	\$ 335,870
-	224,940
-	1,514,335
<u>18,170</u>	<u>2,075,145</u>
24,821	177,578
-	8,654,203
-	416,628
<u>24,821</u>	<u>9,248,409</u>
769,540	851,505
32,611	32,611
102,013	102,013
4,719	4,719
32,888	32,888
21,639	21,639
-	15,282,104
14,383	14,383
310,517	310,517
1,629,732	1,629,732
7,707	7,707
1,519,555	1,519,555
-	6,255,878
<u>4,445,304</u>	<u>26,065,251</u>
<u>\$ 4,488,295</u>	<u>\$ 37,388,805</u>

CITY OF ALAMO HEIGHTS, TEXAS

**RECONCILIATION OF BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

September 30, 2023

TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 26,065,251

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 11,681,545

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 594,206

Accrued vacation leave payable is not due and payable in the current period and, therefore not reported in the funds. (413,483)

Long-term liabilities, which includes certificates of obligation bonds, general obligation bonds, premiums and lease payable, are not due and payable in the current period and, therefore, not reported in the funds. (15,911,449)

Net pension liability, other postemployment benefit liability, and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, not reported in the funds. (4,645,923)

Accrued interest payable on certificates of obligation are not due and payable in the current period and, therefore, not reported in the funds. (43,608)

Net position of governmental activities - statement of net position \$ 17,383,740

(The accompanying notes are an integral part of these financial statements)



CITY OF ALAMO HEIGHTS, TEXAS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year ended September 30, 2023

	GENERAL FUND	ARPA GRANT	CAPITAL PROJECTS FUND
REVENUES			
Taxes	\$ 9,032,367	\$ -	\$ -
Licenses and permits	696,944	-	-
Intergovernmental	676,725	209,928	-
Charges for services	1,313,828	-	-
Fines	211,272	-	-
Investment earnings	580,671	76,033	658,407
Miscellaneous	<u>123,587</u>	<u>-</u>	<u>-</u>
Total revenues	<u>12,635,394</u>	<u>285,961</u>	<u>658,407</u>
EXPENDITURES			
General government	2,047,963	-	69,443
Public safety	6,315,205	-	-
Streets	700,864	-	-
Sanitation	906,819	-	-
Planning and development	444,171	-	-
Parks and recreation	332,197	-	-
Capital outlay	222,804	285,961	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>10,970,023</u>	<u>285,961</u>	<u>69,443</u>
Excess of revenues over expenditures	<u>1,665,371</u>	<u>-</u>	<u>588,964</u>
OTHER FINANCING SOURCES (USES)			
Sale of assets	-	-	-
Transfer out	(1,738,338)	-	-
Transfer in	<u>92,748</u>	<u>-</u>	<u>25,000</u>
Total other financing sources (uses)	<u>(1,645,590)</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	19,781	-	613,964
FUND BALANCES – BEGINNING	<u>6,318,062</u>	<u>-</u>	<u>14,668,140</u>
FUND BALANCES – ENDING	<u><u>\$ 6,337,843</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,282,104</u></u>

(The accompanying notes are an integral part of these financial statements)

OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,083,329	\$ 11,115,696
-	696,944
54,607	941,260
-	1,313,828
40,637	251,909
-	1,315,111
<u>30,529</u>	<u>154,116</u>
<u>2,209,102</u>	<u>15,788,864</u>
34,888	2,152,294
28,211	6,343,416
-	700,864
-	906,819
118,731	562,902
-	332,197
1,036,327	1,545,092
915,000	915,000
<u>366,012</u>	<u>366,012</u>
<u>2,499,169</u>	<u>13,824,596</u>
<u>(290,067)</u>	<u>1,964,268</u>
800	800
-	(1,738,338)
<u>1,713,338</u>	<u>1,831,086</u>
<u>1,714,138</u>	<u>93,548</u>
1,424,071	2,057,816
<u>3,021,233</u>	<u>24,007,435</u>
<u>\$ 4,445,304</u>	<u>\$ 26,065,251</u>

CITY OF ALAMO HEIGHTS, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

Year ended September 30, 2023

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 2,057,816

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$2,096,476) was more than capital outlay \$1,614,535. (481,941)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 32,118

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 915,000

The repayment of the principal of lease and subscription liabilities consumes the current financial resources of governmental funds but has no effect on net position. 27,210

The amortization of bond premium and losses on refunding do not require the use of current financial resources, and therefore, are not reported in the funds. 51,705

Change in net pension liability, other postemployment benefits liability, and related deferred inflows and outflows do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (199,639)

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. (97,623)

Change in net position of governmental activities \$ 2,304,646

(The accompanying notes are an integral part of these financial statements)

CITY OF ALAMO HEIGHTS, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	2,892,500
Investments		234,346
Receivables - net of allowance for uncollectibles		706,714
Restricted cash and cash equivalents:		
Customer deposits - restricted		39,293
Prepays		<u>603</u>
Total current assets		<u>3,873,456</u>

Noncurrent assets:

Capital assets:

Water rights		1,003,124
Construction in progress		51,500
Utility system		15,114,220
Furniture, fixtures, and equipment		<u>803,165</u>
Totals		16,972,009
Less: accumulated depreciation		<u>(7,463,975)</u>

Total capital assets - net of accumulated depreciation 9,508,034

Total noncurrent assets 9,508,034

Total assets 13,381,490

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow - loss on refunded debt		22,790
Deferred outflow - pension		355,211
Deferred outflow - OPEB		<u>2,665</u>
Total deferred outflows of resources		<u>380,666</u>

Total assets and deferred outflows of resources \$ 13,762,156

(The accompanying notes are an integral part of these financial statements)

CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2023

LIABILITIES

Current liabilities:

Accounts payable	\$	643,929
Accrued payroll		18,888
Customer deposits payable - restricted		39,293
Accrued interest payable		2,950
Unearned revenue		25,981
Compensated absences		6,029
Bonds payable due within one year		<u>148,454</u>
Total current liabilities		<u>885,524</u>

Noncurrent liabilities:

Net pension liability		935,093
OPEB liability		40,288
Compensated absences		22,112
Bonds payable due after one year		<u>475,360</u>
Total noncurrent liabilities		<u>1,472,853</u>

Total liabilities 2,358,377

DEFERRED INFLOWS OF RESOURCES

Deferred inflow - pension		2,092
Deferred inflow - OPEB		<u>13,937</u>
Total deferred inflows of resources		<u>16,029</u>

NET POSITION

Net investment in capital assets		8,907,010
Unrestricted		<u>2,480,740</u>
Total net position		<u>11,387,750</u>

Total liabilities, deferred inflows of resources,
and net position \$ 13,762,156

(The accompanying notes are an integral part of these financial statements)

CITY OF ALAMO HEIGHTS, TEXAS

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS**

Year ended September 30, 2023

OPERATING REVENUES	
Charges for services	\$ 4,469,804
Miscellaneous revenues	<u>3,616</u>
Total operating revenues	<u>4,473,420</u>
OPERATING EXPENSES	
Costs of sales and services	3,842,534
Depreciation	<u>376,900</u>
Total operating expenses	<u>4,219,434</u>
Operating income	<u>253,986</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	115,468
Interest expense	<u>(23,206)</u>
Total nonoperating revenues (expenses)	<u>92,262</u>
Income before transfers	346,248
TRANSFER OUT	<u>(92,748)</u>
Change in net position	253,500
NET POSITION - BEGINNING	<u>11,134,250</u>
NET POSITION - ENDING	<u>\$ 11,387,750</u>

(The accompanying notes are an integral part of these financial statements)

CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,405,586
Cash paid to suppliers	(2,427,221)
Cash paid to employees	<u>(797,699)</u>
Net cash provided by operating activities	<u>1,180,666</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash paid to other funds	<u>(92,748)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(989,151)
Payment of interest on debt	(26,300)
Payments on debt	<u>(135,000)</u>
Net cash used in financing activities	<u>(1,150,451)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from investment interest	115,468
Purchase of investments	<u>243,922</u>
Net cash provided in investing activities	<u>359,390</u>
Net increase in cash and cash equivalents	296,857
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,634,936</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,931,793</u>
CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 2,892,500
CASH AND CASH EQUIVALENTS - RESTRICTED	<u>39,293</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,931,793</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	
Operating income	<u>\$ 253,986</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	376,900
Increase in accounts receivable	(64,125)
Increase in prepaids	-
Decrease in accounts payable	476,536
Increase in compensated absences	33
Decrease in unearned revenue	(1,834)
Increase in accrued payroll	1,542
Change in net pension liability	146,830
Change in OPEB liability	(7,327)
Decrease in customer deposits payable	<u>(1,875)</u>
Total adjustments	<u>926,680</u>
Net cash provided by operating activities	<u>\$ 1,180,666</u>
SCHEDULE OF NONCASH CAPITAL ACTIVITIES	
Actuarially determined change in:	
Net pension liability	\$ 431,363
Other postemployment benefit liability	15,553

(The accompanying notes are an integral part of these financial statements)

NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies

Reporting entity

The City of Alamo Heights, Texas, (the City) was incorporated in 1922 and adopted its home rule charter in 1954, pursuant to the laws of the State of Texas. The City operates under a mayor-council form of government with a mayor and five council members.

The financial statements of the City have been prepared in conformance with accounting principles generally accepted in the United States of America (GAAP). The recognized standard setting body for governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment 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 among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

Government-wide financial statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year end. Property and sales taxes, utility franchises, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility enterprise fund charges customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When expenditures or expenses for which both restricted and unrestricted resources are available, the City considers restricted funds to have been spent first. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The City reports the following major governmental funds:

General fund: The general fund is the City's primary operating fund. It is used to account for all activity not required to be accounted for in another type of governmental fund.

American Rescue Plan ACT (ARPA) Grant: The ARPA grant, a special revenue fund, accounts for the grant funding received from the American Rescue Plan for allowed expenses.

Capital projects fund: The capital project fund accounts for funding restricted and committed for capital projects of the City.

The City reports the following major proprietary fund:

Utility fund: The utility fund accounts for business-type activities of the City, where cost recovery and determination of net income are useful or necessary for sound fiscal management.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Measurement focus, basis of accounting, and financial statement presentation (continued)

For valuation purposes, investments with remaining maturities of one (1) year or less at time of purchase are accounted for at amortized cost. All other investments are reported on the financial statements at fair value. Fair value is defined as the price at which a security would be exchanged in a current transaction between willing parties. The City uses fair values as quoted in *The Wall Street Journal* or a comparable nationally recognized publication to determine fair value.

Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

Receivables and payables

Allowance for doubtful accounts: The allowance for doubtful accounts is established as losses are estimated to have occurred though a provision for bad debts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Property taxes: The City levies its property taxes on October 1 of each year based upon the assessed value as of January 1 (the lien date) of that year for all real and personal property located in the City. Taxes are due on October 1 (the statement and levy date) and become delinquent on February 1 of the subsequent year.

Other assets

Restricted assets: Cash received as security deposits from customers for utility service is reported as a restricted asset. These funds are maintained in a separate account with the City's depository and are not available for appropriation.

Capital assets

Capital assets used by the primary government are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two (2) years. Such assets are recorded at cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. Lease assets are recorded at the present value of their future minimum lease payments as of the inception date. Capital assets include land, buildings and improvements, furniture and equipment, infrastructure, and the utility system.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Capital assets (continued)

Infrastructure assets are those public domain assets that are immovable and have value only to the City, e.g., streets, sidewalks, traffic signs, and lights.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Assets acquired are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Records of all capital assets, including infrastructure capital assets, are maintained for both management and accountability purposes.

Depreciation of capital assets is charged as an expenditure/expense against operations. Accumulated depreciation is reported on the statement of net position. Depreciation is generally recorded on the straight-line basis over the estimated life of the assets. The estimated useful lives are as follows:

ASSET	YEARS
Buildings	40 years
Improvements other than buildings	40 years
Infrastructure	40 years
Furniture, fixtures, and equipment	3-10 years
Utility system	40 years

Compensated absences

Each eligible, full-time City employee accrues vacation on his or her anniversary date. This vacation time must be taken prior to the employee's next anniversary date. The amount of time the employee accrues depends upon the employee's length of service as follows:

Length of Service	Hours of Annual Leave Per Year
0<1 year	80
1<2 years	80
2<4 years	88
4<6 years	96
6<8 years	104
8<10 years	112
10<15 years	120
15<20 years	144
20<25 years	160
25+ years	176

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Compensated absences (continued)

The City also permits all nonexempt employees to accrue compensatory time at a rate of 1.5 hours for each hour over the standard number of hours in the employee's pay cycle. The majority of these have typically been liquidated from the general fund in previous years.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased.

Deferred inflows/outflows of resources

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefits payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits

The other postemployment benefit liability of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Plan (SDBF) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the other postemployment benefit (OPEB) liability and deferred outflows of resources related to the other postemployment benefits, (OPEB) expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. Contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

Fund balance

The City implemented GASB Statement 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts that can be used only for specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has by resolution (Fund Balance Policy) authorized the finance director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

In the general fund, the City strives to maintain an unassigned fund balance equal to 25% of expenditures. The City considers a balance of less than 15% to be cause for concern, barring unusual or deliberate circumstances.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(1) Summary of significant accounting policies (continued)

New accounting policy

As of October 1, 2022, the City implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA's). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings to the right to use an underlying asset. Under this statement, an organization is required to recognize a SBITA liability and an intangible right to use subscription asset.

(2) Budgetary and legal compliance

An annual budget is legally adopted for the general fund, street maintenance fund, capital projects fund, comprehensive plan fund, capital replacement fund, and the debt service fund on a basis consistent with GAAP. All annual appropriations lapse at fiscal year end.

The budget preparation process begins in the last quarter of the fiscal year when the department heads meet with the city manager to discuss departmental needs. The city manager prepares a proposed budget for preliminary review by the mayor or his designee prior to the end of the fiscal year. After the mayor has approved the proposed budget, it is submitted to the city council for approval. The budget is legally enacted by city council through passage of an ordinance.

Formal budgetary account integration is used to facilitate managerial control over expenditures during the course of the year. Expenditures are monitored at the department line item level for ongoing control purposes. On a monthly basis, comparative revenue and expenditure statements are presented to the city council.

The city manager is authorized to transfer budgeted amounts between accounts within a department and from one department to another. These transfers cannot increase the overall budgeted expenditures.

(3) Detailed notes for all funds

Cash and cash equivalents

Deposits: The City uses a pooled cash system that is available for use by all funds. City monies are deposited in demand accounts. Each fund's portion of pooled cash is reflected on the statement of net position in "cash and cash equivalents." This amount also includes all highly liquid investments with original maturities of 90 days or less.

The City's deposits are held in a Federal Deposit Insurance Corporation (FDIC) insured bank. The City's depository agreement requires collateralization of all deposits with U.S. Government securities. The fair value of the collateral must be greater than the total amount on deposit.

The carrying amount of the City's deposits with financial institutions was \$743,898 and the bank balance was \$794,729. The deposits were fully collateralized by securities pledged in the name of the City. The City maintains \$6,890 of cash-on-hand at September 30, 2023.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

Investments: The City may invest its excess funds in any instruments authorized by the Public Funds Investment Act of Texas (the Act). Investments authorized under this Act include, but are not limited to, the following: Obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; certificates of deposit issued by a state or financial institution domiciled in the State of Texas which is guaranteed or insured by the FDIC or otherwise secured; and certain repurchase agreements.

The method used to value investments for financial reporting purposes is dependent upon the type of investment and the time remaining to maturity. Investments are valued at amortized cost if they have a remaining maturity at the time of purchase of one (1) year or less and the fair value of the investments is not affected by the impairment or the credit standing of the issuer or by other factors. All other investments are valued at fair value.

Local government investment pools in Texas are established under the government of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Act, Chapter 2256 of the Texas Government Code. In addition, to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires pools to (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares.

The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2a7 of the Investment Company Act of 1940 but are not registered with the SEC as investment companies. The pools use amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool.

Texpool and Logic are both external investments tailored to meet the investment needs of Texas local governments and are valued at amortized cost. They do not have any minimum or maximum transaction or balance amounts and the investment balances are accessible on the same day as the request pending end of business time constraints. There are no limitations or restrictions on withdrawals from the pools.

The City utilizes the Texas Short Term Asset Reserve Program (TexSTAR). JPMorgan Investment Management Inc. and Hilltop Securities Inc. serve as co-administrators under an agreement with the TexSTAR board of directors to provide investment and participant services for the pool. JPMorgan Chase Bank or its subsidiaries provides custodial, fund accounting, and depository services. Boston Financial Data Services serves as the transfer agent to TexSTAR.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

TexStar is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily and competitive yield. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio is a government-repurchase agreement pool (REPO), utilizing primarily U.S. Treasury securities, U.S. agency securities, and REPO collateralized obligations, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the US or its agencies or its instrumentalities. The fair values of the investments in this type have been determined using the NAV per share of the investments.

The City utilizes the Lone Star Investment Pool sponsored by the Texas Association of School Boards (TASB). First Public, LLC serves as the administrator under an agreement with the Lone Star board of directors to provide or contract investment and participant services for the pool. American Beacon Advisors and Mellon Investments Corp. provide investment management services. State Street Bank and Trust serves as the custodian bank for the pool.

Lone Star Liquidity Fund is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal and providing the highest possible rate of return for invested funds. The fund is rated AAAM by Standard and Poor's and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for fixed rate securities and 24 months for variable rate securities. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas PFIA for local government investment pools. The portfolio of the pool are considered marketable and very liquid, utilizing primarily U.S. Treasury securities, U.S. agency securities, and reverse repurchase agreements, no-load money markets regulated by the SEC, the principal and interest of which are unconditionally guaranteed or insured by the full faith and credit of the US or its agencies or its instrumentalities. The fair values of the investments in this type have been determined using the NAV per share of the investments.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

Presented below is the minimum rating required by (where applicable) the City’s investment policy and the Act and the actual rating as of September 30, 2023 for each investment:

DESCRIPTION	INVESTMENT POLICY MINIMUM RATING	INVESTMENT RATING	RATING ORGANIZATION	CARRYING/FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
Investments:					
Certificate of Deposit	AAA	AAA	Standard & Poor's	\$ 234,346	0.01
Federal Agency Securities	AAA	AA+	Standard & Poor's	10,000,000	1.01
Total investments				<u>\$ 10,234,346</u>	
Cash and cash equivalents:					
TexPool	AAA	AAAm	Standard & Poor's	\$ 3,404	0.06
Lone Star Liquidity Fund	AAA	AAA	Standard & Poor's	17,226,954	0.02
Logic	AAA	AAA	Standard & Poor's	1,520,869	0.03
TexStar	AAA	AAAm	Standard & Poor's	3,523	0.07
Total cash and cash equivalents				<u>\$ 18,754,750</u>	

Portfolio weighted average maturity 0.36

Concentration of credit risk: Disclosure is required for investments in any one issuer that represent 5% or more of total investment. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The City’s investments in external investment pools exceeding 5% are excluded from this requirement.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturing of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting the City’s exposure to fair value losses arising from interest rate risk, the City’s investment policy limits the maximum weighted average maturity for its portfolio as a whole to 365 days. Maximum allowable stated maturities are limited by investment type as follows:

<u>INVESTMENT TYPE</u>	<u>MAXIMUM MATURITIES</u>
United States Treasury Securities	Two years
Certificates of Deposit	One year
No-Load Money Market Mutual Funds	90 days

Custodial credit risk: For an investment, this is the risk that, in the event of the failure of counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments are not exposed to custodial credit risk as they are held by financial institutions in the City’s name.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

Investment valuation: The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation input used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs which include quoted prices for similar assets in active markets; quoted prices for identical or similar assets in markets that are not active; or other observable inputs such as interest rates and yield curves at commonly quoted intervals, implied volatilities, and credit spreads; or market-corroborated inputs.
- Level 3 inputs are significant unobservable inputs.

At September 30, 2023, the City had the following investments:

	BALANCE	LEVEL 1	LEVEL 2	LEVEL 3
Investments by fair value level:				
Certificate of Deposit	\$ 234,346	\$ -	\$ 234,346	\$ -
Federal Agency Securities	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>	<u>-</u>
Total investments at fair value:	<u>10,234,346</u>	<u>\$ -</u>	<u>\$ 10,234,346</u>	<u>\$ -</u>
Investments measured at amortized cost:				
TexPool	3,404			
Logic	<u>1,520,869</u>			
Total investments measured at amortized cost	<u>1,524,273</u>			
Investments measured at net asset value:				
TexStar	3,523			
Lone Star Liquidity Fund	<u>17,226,954</u>			
Total investments measured at net asset value	<u>17,230,477</u>			
Total investments	<u>\$ 28,989,095</u>			

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the table below:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at net asset value:				
TexStar	\$ 3,523	N/A	Daily	N/A
Lone Star liquidity fund	<u>17,226,954</u>	N/A	Daily	N/A
Total investments measured at NAV	<u>\$ 17,230,477</u>			

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Receivables

The following is a summary of the receivable and the allowances for uncollectible accounts:

	TAXES	ALLOWANCE FOR UNCOLLECTIBLE TAXES	NET TAXES	WARRANTS AND OTHER	ALLOWANCE FOR UNCOLLECTIBLE WARRANTS	NET WARRANTS AND OTHER	CUSTOMER RECEIVABLES	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS	NET CUSTOMER RECEIVABLES
General fund	\$ 173,621	\$ (17,362)	\$ 156,259	\$ 1,200,773	\$ (416,628)	\$ 784,145	\$ -	\$ -	\$ -
Utility fund	-	-	-	-	-	-	841,309	(134,595)	706,714
Other funds	<u>157,495</u>	<u>(2,819)</u>	<u>154,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 331,116</u>	<u>\$ (20,181)</u>	<u>\$ 310,935</u>	<u>\$ 1,200,773</u>	<u>\$ (416,628)</u>	<u>\$ 784,145</u>	<u>\$ 841,309</u>	<u>\$ (134,595)</u>	<u>\$ 706,714</u>

Property tax

Property taxes are levied on October 1 of each fiscal year based upon the assessed value as of January 1 (the lien date) for all real and personal property located in the City. Taxes are due on October 1 (the statement and levy date) and become delinquent on February 1 of the next year.

The appraisal of property within the City is the responsibility of the Bexar Appraisal District, which is required by state statute to assess all property within the appraisal district at 100% of its appraised value and is prohibited from applying any assessment ratios.

The total assessed value on January 1, 2022, upon which the 2023 fiscal year levy was based, is \$2,080,862,662. Tax collections during the year ended September 30, 2023, for the 2022 tax levy, were 99.19% of the total tax levy for that year. General property taxes for cities are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation. The City's tax rate for this fiscal period was \$0.388051 per \$100 of assessed valuation.

Lease receivables

On October 1, 2021, City of Alamo Heights, Texas entered into a 46 month lease as Lessor for the use of Verizon - 120 Bluebonnet Boulevard. An initial lease receivable was recorded in the amount of \$139,139. As of September 30, 2023, the value of the lease receivable is \$47,934. The lessee is required to make annual fixed payments of \$45,379. The lease has an interest rate of 0.4350%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 was \$66,545, and City of Alamo Heights, Texas recognized lease revenue of \$36,297 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Receivables (continued)

Lease receivables (continued)

On October 1, 2021, City of Alamo Heights, Texas entered into a 72 month lease as Lessor for the use of Quarry / Alamo water tower. An initial lease receivable was recorded in the amount of \$94,401. As of September 30, 2023, the value of the lease receivable is \$64,804. The lessee is required to make annual fixed payments of \$14,685. The lease has an interest rate of 0.2280%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 was \$63,280, and City of Alamo Heights, Texas recognized lease revenue of \$15,561 during the fiscal year. The lessee has 1 extension option(s), each for 132 months.

On October 1, 2021, City of Alamo Heights, Texas entered into a 168 month lease as Lessor for the use of 820 Evans Avenue water tower. An initial lease receivable was recorded in the amount of \$8,195,325. As of September 30, 2023, the value of the lease receivable is \$7,319,736. The lessee is required to make monthly fixed payments of \$44,057. The lease has an interest rate of 1.3290%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 was \$7,024,564, and City of Alamo Heights, Texas recognized lease revenue of \$585,380 during the fiscal year.

On October 1, 2021, City of Alamo Heights, Texas entered into a 33 month lease as Lessor for the use of AT&T - 118 Blue Bonnet Boulevard. An initial lease receivable was recorded in the amount of \$367,086. As of September 30, 2023, the value of the lease receivable is \$0. The lessee is required to make annual fixed payments of \$181,509. The lease has an interest rate of 0.2980%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 was \$100,114, and City of Alamo Heights, Texas recognized lease revenue of \$133,486 during the fiscal year. The lessee has 4 extension option(s), each for 60 months.

On November 1, 2021, City of Alamo Heights, Texas entered into a 516 month lease as Lessor for the use of Heights Pool, LTD. An initial lease receivable was recorded in the amount of \$1,465,000. As of September 30, 2023, the value of the lease receivable is \$1,435,000. The lessee is required to make annual fixed payments of \$30,000 increasing to \$35,000 in fiscal year 2024. The lease has an interest rate of 0.0%. The land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 was \$1,399,700, and City of Alamo Heights, Texas recognized lease revenue of \$34,070 during the fiscal year. The lessee has 1 extension option for 480 months.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2023

(3) Detailed notes for all funds (continued)

Receivables (continued)

Lease receivables (continued)

Future minimum lease receipts on these leases are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2024	\$ 564,805	\$ 94,801	\$ 659,606
2025	540,539	88,278	628,817
2026	565,041	82,529	647,570
2027	590,402	74,515	664,917
2028	599,115	67,164	666,279
2029-2033	3,413,526	213,569	3,627,095
2034-2038	1,684,045	21,130	1,705,175
2039-2043	175,000	-	175,000
2044-2048	175,000	-	175,000
2049-2053	175,000	-	175,000
2054-2058	175,000	-	175,000
2059-2063	175,000	-	175,000
2064-2065	35,000	-	35,000
	<u>\$ 8,867,473</u>	<u>\$ 641,986</u>	<u>\$ 9,299,459</u>

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CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Capital assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	BALANCE AT OCTOBER 1, 2022	INCREASES	DECREASES	BALANCE AT SEPTEMBER 30, 2023
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,479,580	\$ -	\$ -	\$ 1,479,580
Total capital assets not being depreciated	<u>1,479,580</u>	<u>-</u>	<u>-</u>	<u>1,479,580</u>
Capital assets being depreciated:				
Buildings	8,222,225	-	-	8,222,225
Infrastructure	16,286,605	1,049,437	-	17,336,042
Improvements other than buildings	1,950,757	35,450	-	1,986,207
Furniture, fixtures, and equipment	6,612,066	460,205	-	7,072,271
Right to use asset	16,742	69,443	-	86,185
Total capital assets being depreciated	<u>33,088,395</u>	<u>1,614,535</u>	<u>-</u>	<u>34,702,930</u>
Less accumulated depreciation for:				
Buildings	(1,892,221)	(234,263)	-	(2,126,484)
Infrastructure	(13,865,494)	(1,177,659)	-	(15,043,153)
Improvements other than buildings	(699,356)	(212,311)	-	(911,667)
Furniture, fixtures, and equipment	(5,943,163)	(445,171)	-	(6,388,334)
Right to use asset	(4,255)	(27,072)	-	(31,327)
Total accumulated depreciation	<u>(22,404,489)</u>	<u>(2,096,476)</u>	<u>-</u>	<u>(24,500,965)</u>
Total capital assets being depreciated - net	<u>10,683,906</u>	<u>(481,941)</u>	<u>-</u>	<u>10,201,965</u>
Governmental activities capital assets - net	<u>\$ 12,163,486</u>	<u>\$ (481,941)</u>	<u>\$ -</u>	<u>\$ 11,681,545</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 359,989	\$ -	\$ (308,489)	\$ 51,500
Water rights	1,003,124	-	-	1,003,124
Total capital assets not being depreciated	<u>1,363,113</u>	<u>-</u>	<u>(308,489)</u>	<u>1,054,624</u>
Capital assets being depreciated:				
Utility system	13,842,393	1,271,827	-	15,114,220
Furniture, fixtures, and equipment	752,902	50,263	-	803,165
Total capital assets being depreciated	<u>14,595,295</u>	<u>1,322,090</u>	<u>-</u>	<u>15,917,385</u>
Less accumulated depreciation for:				
Utility system	(6,433,158)	(325,277)	-	(6,758,435)
Furniture, fixtures, and equipment	(653,917)	(51,623)	-	(705,540)
Total accumulated depreciation	<u>(7,087,075)</u>	<u>(376,900)</u>	<u>-</u>	<u>(7,463,975)</u>
Total capital assets being depreciated - net	<u>7,508,220</u>	<u>945,190</u>	<u>-</u>	<u>8,453,410</u>
Business-type activities capital assets - net	<u>\$ 8,871,333</u>	<u>\$ 945,190</u>	<u>\$ (308,489)</u>	<u>\$ 9,508,034</u>

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Capital assets (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 359,100
Public safety	279,319
Streets	1,178,285
Sanitation	59,788
Parks and recreation	<u>219,984</u>

Total depreciation/amortization expense - governmental activities \$ 2,096,476

Business-type activities:

Utility	<u>\$ 376,900</u>
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Total depreciation expense - business-type activities \$ 376,900

Interfund transfers

	TRANSFER IN		
	GENERAL	OTHER GOVERNMENTAL	
TRANSFER OUT	FUND	FUNDS	TOTALS
General fund	\$ -	\$ 1,738,338	\$ 1,738,338
Utility fund	<u>92,748</u>	<u>-</u>	<u>92,748</u>
Totals	<u><u>\$ 92,748</u></u>	<u><u>\$ 1,738,338</u></u>	<u><u>\$ 1,831,086</u></u>

Interfund transfers are for future capital replacements, street improvement projects, and public realm improvements.

Long-term liabilities

In 2012, the City issued general obligation bonds for construction of administration and public safety facilities. During fiscal year 2021 the City refunded those bonds with the issuance of general obligation refunding bonds 2020 in the amount of \$4,530,000. Also in fiscal year 2021 the City issued general obligation bonds series 2021 in the amount of \$13,170,000 for street and drainage projects.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

The City imposed a legal debt limit of 1% of assessed property valuations.

At September 30, 2023, the City's long-term debt consisted of the following:

<u>Governmental Activities:</u>	<u>Range of Interest Rates</u>	<u>Unpaid Principal</u>	<u>Current Maturities</u>	<u>Long-Term Maturities</u>
General Obligations, Refunding Bonds Series 2020	2.00-3.00%	\$ 3,325,000	\$ 335,000	\$ 2,990,000
General Obligations, Bonds Series 2021	1.65-2.625%	12,045,000	625,000	11,420,000
<u>Business-Type Activities:</u>	<u>Range of Interest Rates</u>	<u>Unpaid Principal</u>	<u>Current Maturities</u>	<u>Long-Term Maturities</u>
General Obligations, Refunding Bonds Series 2016	2-4.00%	\$ 590,000	\$ 140,000	\$ 450,000

Changes in the City's long-term liabilities during the fiscal year ended September 30, 2023:

	<u>ORIGINAL AMOUNT</u>	<u>OUTSTANDING OCTOBER 1, 2022</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>BALANCE SEPTEMBER 30, 2023</u>	<u>AMOUNTS DUE IN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES						
Long-term debt:						
General Obligations, Refunding Bonds Series 2020	\$ 4,530,000	\$ 3,650,000	\$ -	\$ (325,000)	\$ 3,325,000	\$ 335,000
General Obligations, Bonds Series 2021	13,170,000	12,635,000	-	(590,000)	12,045,000	625,000
Lease liability		12,443		(4,317)	8,126	3,052
SBITA liability		-	47,099	(22,893)	24,206	14,048
Bond premiums Series 2020 refunding, net		379,462	-	(37,946)	341,516	37,946
Bond premiums Series 2021, net		175,004	-	(7,403)	167,601	7,403
Total long-term debt		16,851,909	47,099	(987,559)	15,911,449	1,022,449
Other long-term liabilities:						
Compensated absences		477,182	101,699	(82,699)	496,182	82,699
Total governmental activities		<u>\$ 17,329,091</u>	<u>\$ 148,798</u>	<u>\$ (1,070,258)</u>	<u>\$ 16,407,631</u>	<u>\$ 1,105,148</u>
BUSINESS-TYPE ACTIVITIES						
Long-term debt:						
General Obligations, Refunding Bonds Series 2016	\$ 1,370,000	\$ 725,000	\$ -	\$ (135,000)	\$ 590,000	\$ 140,000
Bond premium, net		42,268	-	(8,454)	33,814	8,454
Total long-term debt		767,268	-	(143,454)	623,814	148,454
Other long-term liabilities:						
Compensated absences		28,108	6,029	(5,996)	28,141	6,029
Total business-type activities		<u>795,376</u>	<u>6,029</u>	<u>(149,450)</u>	<u>651,955</u>	<u>154,483</u>
Total changes in long-term liabilities		<u>\$ 18,124,467</u>	<u>\$ 154,827</u>	<u>\$ (1,219,708)</u>	<u>\$ 17,059,586</u>	<u>\$ 1,259,631</u>

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

The compensated absences, net pension liability and OPEB liability attributable to the governmental activities will be liquidated primarily by the general fund.

Annual debt service requirements as of September 30, 2023, for revenue bonds are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2024	\$ 960,000	\$ 342,613	\$ 1,302,613	\$ 140,000	\$ 23,600	\$ 163,600
2025	990,000	323,163	1,313,163	145,000	18,000	163,000
2026	1,025,000	303,063	1,328,063	150,000	12,200	162,200
2027	1,060,000	278,863	1,338,863	155,000	6,200	161,200
2028	1,095,000	253,863	1,348,863	-	-	-
2029-2033	5,105,000	879,889	5,984,889	-	-	-
2034-2038	1,805,000	523,974	2,328,974	-	-	-
2039-2043	2,000,000	303,991	2,303,991	-	-	-
2044-2046	1,330,000	53,025	1,383,025	-	-	-
Totals	<u>\$ 15,370,000</u>	<u>\$ 3,262,444</u>	<u>\$ 18,632,444</u>	<u>\$ 590,000</u>	<u>\$ 60,000</u>	<u>\$ 650,000</u>

Lease payable

At September 30, 2023, the City was obligated under right to use leases for various equipment and facilities. Future minimum lease payments on these leases are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2024	\$ 3,052	\$ 38	\$ 3,090
2025	2,640	23	2,663
2026	<u>2,434</u>	<u>7</u>	<u>2,441</u>
Totals	<u>\$ 8,126</u>	<u>\$ 68</u>	<u>\$ 8,194</u>

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

SBITA payable

At September 30, 2023, the City was obligated under right to use subscriptions for various information technology arrangements. Future minimum payments on these agreements are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2024	\$ 14,048	\$ 658	\$ 14,706
2025	7,648	233	7,881
2026	2,032	41	2,073
2027	235	15	250
2028	243	8	251
Totals	\$ 24,206	\$ 955	\$ 25,161

(4) Other information

Risk management

The City is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from the City provide its employees with health and life insurance coverage purchased from independent third parties. The City also maintains a cafeteria plan in accordance with Internal Revenue Code Section 125. This plan enables employees to add dependent coverage to their health insurance, as well as select additional types of insurance coverage. The costs of these benefits are recovered through payroll deductions. In the last three years the amount of settlement did not exceed insurance coverage.

(5) Employee retirement system

Plan description

The City of Alamo Heights participates as one of 901 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Employee retirement system (continued)

Benefits provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits with interest. The retiring members may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member's contribution and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the City matching percent is currently 2 to 1.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	96
Active employees	<u>96</u>
	<u>282</u>

Contributions

The contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City matching ratios are either 1:1, 1.5:1, or 2:1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary using the entry age normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.21% and 16.57% for calendar years 2023 and 2022 respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$1,088,595 and were equal to the required contributions.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Employee retirement system (continued)

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2022, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return*	6.75%, net of pension plan investment expense, including inflation

* presented net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Employee retirement system (continued)

Net pension liability (continued)

The target allocation and best estimate of real rates of return for each major asset class in fiscal year 2022 are summarized in the following tables:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.70%
Core Fixed Income	6.00%	4.90%
Non-Core Fixed Income	20.00%	8.70%
Other Public and Private Markets	12.00%	8.10%
Real Estate	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private Equity	10.00%	11.80%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2021	\$ 32,046,209	\$ 28,321,678	\$ 3,724,531
Changes for the year:			
Service cost	1,050,067	-	1,050,067
Interest	2,146,542	-	2,146,542
Change of benefit terms	-	-	-
Difference between expected and actual experience	290,680	-	290,680
Changes of assumptions	-	-	-
Contributions - employer	-	1,043,143	(1,043,143)
Contributions - employee	-	440,675	(440,675)
Net investment income	-	(2,067,900)	2,067,900
Benefit payments, including refunds of employee contributions	(1,541,245)	(1,541,245)	-
Administrative expense	-	(17,890)	17,890
Other changes	-	21,349	(21,349)
Net changes	1,946,044	(2,121,868)	4,067,912
Balance at December 31, 2022	\$ 33,992,253	\$ 26,199,810	\$ 7,792,443

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Employee retirement system (continued)

Net pension liability (continued)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
\$ 12,610,614	\$ 7,792,443	\$ 3,862,471

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the schedule of changes in fiduciary net position, by participant city. The report may be obtained at www.tnrs.com.

Pension expense and deferred outflows of resources/deferred inflows of resources related to pensions

For the year ended September 30, 2023, the City recognized pension expense of \$1,430,925.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 315,982	\$ 17,433
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings	1,821,086	-
Contributions subsequent to the measurement date	823,026	-
Total	\$ 2,960,094	\$ 17,433

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(5) Employee retirement system (continued)

Net pension liability (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

The City reported \$823,026 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Amortization Expense
2024	\$ 245,823
2025	561,476
2026	516,415
2027	795,921
2028	-
Thereafter	-
Total	<u>\$ 2,119,635</u>

(6) Other postemployment benefits

Plan description

The City participates in a single-employer defined benefit plan, which operates like a group-term life insurance plan, operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits provided

The death benefit for active members provides a lump-sum payment approximately equal to the member's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired members are insured for \$7,500; this coverage is an "other postemployment benefit" or OPEB. As the SDBF covers both active and retiree members, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(6) Other postemployment benefits (continued)

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active member and retiree deaths on a pay-as-you-go basis.

The contribution rates for the City were 0.38% and 0.27% for calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were \$11,293 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	65
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>96</u>
	<u>176</u>

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of \$335,732 was measured as of December 31, 2022, and was determined by an actuarial valuation as of that date.

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CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(6) Other postemployment benefits (continued)

Actuarial assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 11.5% including inflation
Discount rate *	4.05%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements subject to the floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(6) Other postemployment benefits (continued)

Changes in the total OPEB liability:

Balance at December 31, 2022		\$	476,149
Changes for the year:			
Service cost			21,404
Interest on the total OPEB liability			8,860
Changes of benefit terms			-
Difference between expected and actual experience			(5,562)
Change of assumptions			(154,417)
Benefit payments			<u>(10,702)</u>
Net changes			<u>(140,417)</u>
Balance at December 31, 2023		\$	<u><u>335,732</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
City's OPEB liability	<u>\$ 395,484</u>	<u>\$ 335,732</u>	<u>\$ 288,507</u>

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2023

(6) Other postemployment benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$7,626.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ -	\$ 22,286
Changes in actuarial assumptions	13,632	93,862
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	8,573	-
Total	\$ 22,205	\$ 116,148

The City reported \$8,573 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amortization Expense
2024	\$ (15,583)
2025	(20,464)
2026	(26,424)
2027	(29,306)
2028	(10,739)
Thereafter	-
Total	\$ (102,516)

(7) Subsequent events

The City has evaluated subsequent events through April 29, 2024, the date which the financial statements were available to be issued. There are no subsequent events required for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

Year ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Property	\$ 6,486,398	\$ 6,486,398	\$ 6,480,485	\$ (5,913)
Sales	1,703,265	1,703,265	1,702,288	(977)
Beverage	120,634	120,634	117,390	(3,244)
Franchise	692,516	692,516	724,841	32,325
PUC right of way fees	9,678	9,678	7,363	(2,315)
Total taxes	<u>9,012,491</u>	<u>9,012,491</u>	<u>9,032,367</u>	<u>19,876</u>
Licenses and permits:				
Building	438,929	438,929	412,069	(26,860)
Electric	57,689	57,689	56,868	(821)
Liquor and food	20,673	20,673	10,413	(10,260)
Planning and zoning	10,000	10,000	20,200	10,200
Plumbing	55,575	55,575	52,700	(2,875)
Signs	3,500	3,500	2,846	(654)
Permits	114,954	114,954	118,148	3,194
Certificate of occupancy	4,800	4,800	4,550	(250)
Other	41,979	41,979	19,150	(22,829)
Total licenses and permits	<u>748,099</u>	<u>748,099</u>	<u>696,944</u>	<u>(51,155)</u>
Intergovernmental:				
Dispatch	298,662	298,662	291,618	(7,044)
EMS	231,361	231,361	203,640	(27,721)
Student resource officer	250,877	250,877	173,994	(76,883)
TDEM	-	-	7,473	7,473
Total intergovernmental	<u>780,900</u>	<u>780,900</u>	<u>676,725</u>	<u>(104,175)</u>
Charges for services:				
EMS	204,000	204,000	329,407	125,407
Court	175,000	175,000	186,736	11,736
Garbage	362,705	362,705	361,409	(1,296)
Telecom lease	314,000	314,000	436,276	122,276
Total charges for services	<u>1,055,705</u>	<u>1,055,705</u>	<u>1,313,828</u>	<u>258,123</u>
Fines	<u>227,896</u>	<u>227,896</u>	<u>211,272</u>	<u>(16,624)</u>
Investment earnings	<u>30,000</u>	<u>30,000</u>	<u>580,671</u>	<u>550,671</u>
Miscellaneous	<u>68,540</u>	<u>68,540</u>	<u>123,587</u>	<u>55,047</u>
Total revenues	<u>11,923,631</u>	<u>11,923,631</u>	<u>12,635,394</u>	<u>711,763</u>

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

Year ended September 30, 2023

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
General government				
Public works administration:				
Personnel	\$ 96,149	\$ 96,149	\$ 93,557	\$ 2,592
Commodities	4,800	4,800	4,617	183
Contractual	<u>19,050</u>	<u>19,050</u>	<u>1,741</u>	<u>17,309</u>
Total public works administration	<u>119,999</u>	<u>119,999</u>	<u>99,915</u>	<u>20,084</u>
Court:				
Personnel	141,654	141,654	139,438	2,216
Commodities	5,126	5,126	5,675	(549)
Contractual	<u>83,859</u>	<u>83,859</u>	<u>70,838</u>	<u>13,021</u>
Total court	<u>230,639</u>	<u>230,639</u>	<u>215,951</u>	<u>14,688</u>
Administration:				
Personnel	921,387	921,387	897,410	23,977
Commodities	299,654	299,654	274,377	25,277
Contractual	173,344	173,344	156,277	17,067
Capital equipment	<u>50,000</u>	<u>166,000</u>	<u>206,000</u>	<u>(40,000)</u>
Total administration	<u>1,444,385</u>	<u>1,560,385</u>	<u>1,534,064</u>	<u>26,321</u>
Information systems:				
Commodities	157,070	157,070	147,745	9,325
Contractual	<u>213,920</u>	<u>213,920</u>	<u>256,288</u>	<u>(42,368)</u>
Total information systems	<u>370,990</u>	<u>370,990</u>	<u>404,033</u>	<u>(33,043)</u>
Total general government	<u>2,166,013</u>	<u>2,282,013</u>	<u>2,253,963</u>	<u>28,050</u>
Public safety				
Police:				
Personnel	2,762,763	2,762,763	2,418,816	343,947
Commodities	166,785	166,785	118,595	48,190
Contractual	100,408	100,408	99,233	1,175
Capital equipment	<u>16,836</u>	<u>16,836</u>	<u>16,804</u>	<u>32</u>
Total police	<u>3,046,792</u>	<u>3,046,792</u>	<u>2,653,448</u>	<u>393,344</u>
Police dispatch:				
Personnel	768,921	768,921	663,912	105,009
Commodities	39,254	39,254	34,988	4,266
Contractual	<u>1,824</u>	<u>1,824</u>	<u>1,538</u>	<u>286</u>
Total police dispatch	<u>809,999</u>	<u>809,999</u>	<u>700,438</u>	<u>109,561</u>

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL**

Year ended September 30, 2023

EXPENDITURES (CONTINUED)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Public safety (continued):				
Fire:				
Personnel	\$ 2,236,185	\$ 2,236,185	\$ 2,097,246	\$ 138,939
Commodities	76,981	76,981	70,520	6,461
Contractual	<u>32,065</u>	<u>32,065</u>	<u>30,503</u>	<u>1,562</u>
Total fire	<u>2,345,231</u>	<u>2,345,231</u>	<u>2,198,269</u>	<u>146,962</u>
EMS:				
Personnel	710,708	710,708	690,992	19,716
Commodities	71,845	71,845	68,764	3,081
Contractual	<u>26,605</u>	<u>26,605</u>	<u>20,098</u>	<u>6,507</u>
Total EMS	<u>809,158</u>	<u>809,158</u>	<u>779,854</u>	<u>29,304</u>
Total public safety	<u>7,011,180</u>	<u>7,011,180</u>	<u>6,332,009</u>	<u>679,171</u>
Streets:				
Personnel	465,179	465,179	417,371	47,808
Commodities	215,617	215,617	277,384	(61,767)
Contractual	<u>18,500</u>	<u>18,500</u>	<u>6,109</u>	<u>12,391</u>
Total streets	<u>699,296</u>	<u>699,296</u>	<u>700,864</u>	<u>(1,568)</u>
Sanitation:				
Personnel	610,291	610,291	563,479	46,812
Commodities	118,800	118,800	135,672	(16,872)
Contractual	<u>185,000</u>	<u>185,000</u>	<u>207,668</u>	<u>(22,668)</u>
Total sanitation	<u>914,091</u>	<u>914,091</u>	<u>906,819</u>	<u>7,272</u>
Planning and development				
Personnel	453,717	453,717	413,613	40,104
Commodities	11,165	11,165	9,429	1,736
Contractual	<u>27,700</u>	<u>27,700</u>	<u>21,129</u>	<u>6,571</u>
Total planning and development	<u>492,582</u>	<u>492,582</u>	<u>444,171</u>	<u>48,411</u>

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES (CONTINUED)				
Parks and recreation:				
Personnel	\$ 319,476	\$ 319,476	\$ 279,240	\$ 40,236
Commodities	37,100	37,100	25,875	11,225
Contractual	<u>26,443</u>	<u>26,443</u>	<u>27,082</u>	<u>(639)</u>
Total parks and recreation	<u>383,019</u>	<u>383,019</u>	<u>332,197</u>	<u>50,822</u>
Total expenditures	<u>11,666,181</u>	<u>11,782,181</u>	<u>10,970,023</u>	<u>812,158</u>
Excess of revenue over expenditures	257,450	141,450	1,665,371	1,523,921
OTHER FINANCING SOURCES (USES)				
Transfer in	92,748	92,748	92,748	-
Transfer out	<u>(110,000)</u>	<u>(110,000)</u>	<u>(1,738,338)</u>	<u>(1,628,338)</u>
Total other financing sources (uses)	<u>(17,252)</u>	<u>(17,252)</u>	<u>(1,645,590)</u>	<u>(1,628,338)</u>
Net change in fund balance	<u>\$ 240,198</u>	<u>\$ 124,198</u>	19,781	<u>\$ (104,417)</u>
FUND BALANCE AT OCTOBER 1, 2022			<u>6,318,062</u>	
FUND BALANCE AT SEPTEMBER 30, 2023			<u>\$ 6,337,843</u>	
SUMMARY OF GENERAL FUND EXPENDITURES BY COST CATEGORY				
Personnel	\$ 9,486,430	\$ 9,486,430	\$ 8,675,074	\$ 811,356
Commodities	1,204,197	1,204,197	1,173,641	30,556
Contractual	908,718	908,718	898,504	10,214
Capital equipment	<u>66,836</u>	<u>182,836</u>	<u>222,804</u>	<u>(39,968)</u>
Total expenditures	<u>\$ 11,666,181</u>	<u>\$ 11,782,181</u>	<u>\$ 10,970,023</u>	<u>\$ 812,158</u>

CITY OF ALAMO HEIGHTS, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

September 30, 2023

***For the last 10 fiscal years**

	For the measurement year ended December 31,			
	2022	2021	2020	2019
Total Pension Liability				
Service cost	\$ 1,050,067	\$ 1,051,106	\$ 943,099	\$ 965,347
Interest (on the total pension liability)	2,146,542	2,015,358	1,914,876	1,829,540
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	290,680	269,691	(128,709)	(283,325)
Change of assumptions	-	-	-	3,866
Benefit payments, including refunds of employee contributions	<u>(1,541,245)</u>	<u>(1,243,101)</u>	<u>(1,346,200)</u>	<u>(1,133,936)</u>
Net change in total pension liability	1,946,044	2,093,054	1,383,066	1,381,492
Total pension liability - beginning	<u>32,046,209</u>	<u>29,953,155</u>	<u>28,570,089</u>	<u>27,188,597</u>
Total pension liability - ending (a)	<u>\$ 33,992,253</u>	<u>\$ 32,046,209</u>	<u>\$ 29,953,155</u>	<u>\$ 28,570,089</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,043,143	\$ 1,028,623	\$ 955,530	\$ 963,058
Contributions - employee	440,675	437,180	395,548	400,322
Net investment income	(2,067,900)	3,243,501	1,755,564	3,068,397
Benefit payments, including refunds of employee contributions	(1,541,245)	(1,243,101)	(1,346,200)	(1,133,936)
Administrative expense	(17,890)	(15,002)	(11,357)	(17,333)
Other	<u>21,349</u>	<u>102</u>	<u>(443)</u>	<u>(521)</u>
Net change in plan fiduciary net position	(2,121,868)	3,451,303	1,748,642	3,279,987
Plan fiduciary net position - beginning	<u>28,321,678</u>	<u>24,870,375</u>	<u>23,121,733</u>	<u>19,841,746</u>
Plan fiduciary net position - ending (b)	<u>\$ 26,199,810</u>	<u>\$ 28,321,678</u>	<u>\$ 24,870,375</u>	<u>\$ 23,121,733</u>
Net pension liability (a) - (b)	<u>\$ 7,792,443</u>	<u>\$ 3,724,531</u>	<u>\$ 5,082,780</u>	<u>\$ 5,448,356</u>
Plan fiduciary net position as a percentage of total pension liability	77.08%	88.38%	83.03%	80.93%
Covered payroll	<u>\$ 6,295,364</u>	<u>\$ 6,245,433</u>	<u>\$ 5,650,683</u>	<u>\$ 5,718,879</u>
Net pension liability as a percentage of total covered payroll	123.78%	59.64%	89.95%	95.27%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

For the measurement year ended December 31,

2018	2017	2016	2015	2014
\$ 914,894	\$ 903,080	\$ 868,087	\$ 861,551	\$ 761,031
1,744,593	1,659,113	1,535,466	1,497,685	1,441,488
-	311,550	-	-	-
(279,511)	(185,041)	159,597	(129,805)	(515,272)
-	-	-	104,869	-
<u>(1,159,507)</u>	<u>(1,073,882)</u>	<u>(1,046,879)</u>	<u>(923,983)</u>	<u>(945,389)</u>
1,220,469	1,614,820	1,516,271	1,410,317	741,858
<u>25,968,128</u>	<u>24,353,308</u>	<u>22,837,037</u>	<u>21,426,720</u>	<u>20,684,862</u>
<u>\$ 27,188,597</u>	<u>\$ 25,968,128</u>	<u>\$ 24,353,308</u>	<u>\$ 22,837,037</u>	<u>\$ 21,426,720</u>
\$ 918,155	\$ 953,702	\$ 900,335	\$ 924,993	\$ 736,438
380,526	338,009	317,206	319,883	290,127
(608,873)	2,448,963	1,108,388	23,719	865,999
(1,159,507)	(1,073,882)	(1,046,879)	(923,983)	(945,389)
(11,766)	(12,692)	(12,521)	(14,447)	(9,041)
<u>(615)</u>	<u>(643)</u>	<u>(675)</u>	<u>(714)</u>	<u>(743)</u>
(482,080)	2,653,458	1,265,854	329,451	937,391
<u>20,323,826</u>	<u>17,670,368</u>	<u>16,404,514</u>	<u>16,075,063</u>	<u>15,137,672</u>
<u>\$ 19,841,746</u>	<u>\$ 20,323,826</u>	<u>\$ 17,670,368</u>	<u>\$ 16,404,514</u>	<u>\$ 16,075,063</u>
<u>\$ 7,346,851</u>	<u>\$ 5,644,302</u>	<u>\$ 6,682,940</u>	<u>\$ 6,432,523</u>	<u>\$ 5,351,657</u>
72.98%	78.26%	72.56%	71.83%	75.02%
<u>\$ 5,436,088</u>	<u>\$ 5,520,051</u>	<u>\$ 5,286,764</u>	<u>\$ 5,331,379</u>	<u>\$ 4,835,449</u>
135.15%	102.25%	126.41%	120.65%	110.68%

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS – PENSION

For the year ended September 30, 2023

***For the last 10 fiscal years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contributions	\$ 1,088,595	\$ 1,099,876	\$ 976,810	\$ 962,071
Contributions in relation to the actuarially determined contributions	<u>1,088,595</u>	<u>1,099,876</u>	<u>976,810</u>	<u>962,071</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,295,364</u>	<u>\$ 6,649,536</u>	<u>\$ 5,888,184</u>	<u>\$ 5,696,162</u>
Contributions as a percentage of covered payroll	17.29%	16.54%	16.59%	16.89%

*GASB 68 requires 10 fiscal years of data to be provided in this schedule. This is the ninth year of implementation of GASB 68. The City will develop the schedule prospectively.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 948,916	\$ 920,196	\$ 945,091	\$ 905,858	\$ 850,395
<u>948,916</u>	<u>920,196</u>	<u>945,091</u>	<u>905,858</u>	<u>850,395</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 5,626,955</u>	<u>\$ 5,444,475</u>	<u>\$ 5,575,888</u>	<u>\$ 5,290,913</u>	<u>\$ 5,023,828</u>
16.86%	16.90%	16.95%	17.12%	16.93%

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY
(OPEB) AND RELATED RATIOS

September 30, 2023

***Last 10 fiscal years**

	For the measurement year ended December 31,					
	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 21,404	\$ 21,859	\$ 14,692	\$ 14,297	\$ 13,590	\$ 12,144
Interest on the total OPEB liability	8,860	9,054	10,897	12,228	11,927	11,796
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	(5,562)	(5,863)	(21,304)	(16,207)	(29,942)	-
Change of assumptions	(154,417)	13,995	54,960	59,848	(22,766)	27,438
Benefit payments	<u>(10,702)</u>	<u>(9,368)</u>	<u>(3,390)</u>	<u>(4,003)</u>	<u>(3,805)</u>	<u>(3,864)</u>
Net change in total OPEB liability	(140,417)	29,677	55,855	66,163	(30,996)	47,514
Total OPEB liability - beginning	<u>476,149</u>	<u>446,472</u>	<u>390,617</u>	<u>324,454</u>	<u>355,450</u>	<u>307,936</u>
Total OPEB liability - ending	<u>\$ 335,732</u>	<u>\$ 476,149</u>	<u>\$ 446,472</u>	<u>\$ 390,617</u>	<u>\$ 324,454</u>	<u>\$ 355,450</u>
Covered-employee payroll	<u>\$ 6,295,364</u>	<u>\$ 6,245,433</u>	<u>\$ 5,650,683</u>	<u>\$ 5,718,879</u>	<u>\$ 5,436,088</u>	<u>\$ 5,520,051</u>
Total OPEB liability as a percentage of covered-employee payroll	5.33%	7.62%	7.90%	6.83%	5.97%	6.44%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. The City will develop the schedule prospectively.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the year ended September 30, 2023

***Last 10 fiscal years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 11,293	\$ 17,368	\$ 13,812	\$ 12,367	\$ 11,099	\$ 10,733
Contributions in relation to the actuarially determined contributions	<u>11,293</u>	<u>17,368</u>	<u>13,812</u>	<u>12,367</u>	<u>11,099</u>	<u>10,733</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 6,295,364</u>	<u>\$ 6,649,536</u>	<u>\$ 5,888,184</u>	<u>\$ 5,696,162</u>	<u>\$ 5,626,955</u>	<u>\$ 5,444,475</u>
Contributions as a percentage of covered-employee payroll	0.18%	0.26%	0.23%	0.22%	0.20%	0.20%

GASB 75 requires 10 fiscal years of data to be provided in this schedule. This is the sixth year of implementation of GASB 75. This City will develop the schedule prospectively.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2023

(1) Budgetary information

The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles. Annual appropriations lapse at fiscal year end.

Budgetary preparation and control is exercised at the fund level. The city manager is authorized to transfer budget amounts between accounts within a department and from one department to another. These transfers cannot increase the overall budgeted expenditures.

(2) Schedule of contributions

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumptions used to determine contribution rates:

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and assumption used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed fair value, 12% soft corridor
Actuarial assumption:	
Inflation	2.50%
Salary increases	3.5% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the public safety table used for males and the general employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	SPECIAL REVENUE				
	CONFISCATED PROPERTY	COURT SECURITY	COMMUNITY BENEFIT	LEOSE EMPLOYEE CENTER EDUCATION	COURT TECHNOLOGY
ASSETS					
Cash	\$ 32,649	\$ 102,013	\$ 4,825	\$ 32,888	\$ 21,639
Receivables - net of allowances for uncollectibles	-	-	-	-	-
Prepays	-	-	-	-	-
Total assets	\$ 32,649	\$ 102,013	\$ 4,825	\$ 32,888	\$ 21,639
LIABILITIES					
Accounts payable	38	\$ -	106	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - taxes	-	-	-	-	-
FUND BALANCES					
Non-spendable - prepaids	-	-	-	-	-
Restricted for:					
Confiscated property	32,611	-	-	-	-
Court security	-	102,013	-	-	-
Community programs	-	-	4,719	-	-
Police training	-	-	-	32,888	-
Court technology	-	-	-	-	21,639
Debt service	-	-	-	-	-
Capital Projects	-	-	-	-	-
Animal services	-	-	-	-	-
Committed for:					
Capital replacement	-	-	-	-	-
Street maintenance	-	-	-	-	-
Comprehensive plans	-	-	-	-	-
Total fund balances	32,611	102,013	4,719	32,888	21,639
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,649	\$ 102,013	\$ 4,825	\$ 32,888	\$ 21,639

FUNDS					
COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	STREET MAINTENANCE	DEBT SERVICE	CAPITAL REPLACEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 1,530,984	\$ 17,234	\$ 699,860	\$ 309,964	\$ 812,023	\$ 3,564,079
-	-	129,302	25,374	-	154,676
-	-	-	-	769,540	769,540
<u>\$ 1,530,984</u>	<u>\$ 17,234</u>	<u>\$ 829,162</u>	<u>\$ 335,338</u>	<u>\$ 1,581,563</u>	<u>\$ 4,488,295</u>
\$ 11,429	\$ 2,851	\$ 3,746	\$ -	\$ -	\$ 18,170
-	-	-	24,821	-	24,821
-	-	-	-	769,540	769,540
-	-	-	-	-	32,611
-	-	-	-	-	102,013
-	-	-	-	-	4,719
-	-	-	-	-	32,888
-	-	-	-	-	21,639
-	-	-	310,517	-	310,517
-	-	7,707	-	-	7,707
-	14,383	-	-	-	14,383
-	-	817,709	-	812,023	1,629,732
-	-	-	-	-	-
<u>1,519,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,519,555</u>
<u>1,519,555</u>	<u>14,383</u>	<u>825,416</u>	<u>310,517</u>	<u>1,581,563</u>	<u>4,445,304</u>
<u>\$ 1,530,984</u>	<u>\$ 17,234</u>	<u>\$ 829,162</u>	<u>\$ 335,338</u>	<u>\$ 1,581,563</u>	<u>\$ 4,488,295</u>

CITY OF ALAMO HEIGHTS, TEXAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

Year ended September 30, 2023

	SPECIAL REVENUE				
	CONFISCATED PROPERTY	COURT SECURITY	COMMUNITY BENEFIT	LEOSE EMPLOYEE CENTER EDUCATION	COURT TECHNOLOGY
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	13,152	15,523	1,446	11,336
Property forfeitures	40,637	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>40,637</u>	<u>13,152</u>	<u>15,523</u>	<u>1,446</u>	<u>11,336</u>
EXPENDITURES					
Current:					
General government	-	-	-	1,743	13,110
Public safety	28,046	-	165	-	-
Planning and development	-	-	-	-	950
Capital outlay	-	-	18,002	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>28,046</u>	<u>-</u>	<u>18,167</u>	<u>1,743</u>	<u>14,060</u>
Excess (deficiency) of revenues over (under) expenditures	12,591	13,152	(2,644)	(297)	(2,724)
OTHER FINANCING SOURCES (USES)					
Transfer in	-	-	-	-	-
Sale of assets	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	12,591	13,152	(2,644)	(297)	(2,724)
FUND BALANCES AT BEGINNING OF YEAR	<u>20,020</u>	<u>88,861</u>	<u>7,363</u>	<u>33,185</u>	<u>24,363</u>
FUND BALANCES AT END OF YEAR	<u>\$ 32,611</u>	<u>\$ 102,013</u>	<u>\$ 4,719</u>	<u>\$ 32,888</u>	<u>\$ 21,639</u>

FUNDS

COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	STREET MAINTENANCE	DEBT SERVICE	CAPITAL REPLACEMENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 851,144	\$ 1,232,185	\$ -	\$ 2,083,329
13,150	-	-	-	-	54,607
-	-	-	-	-	40,637
-	19,143	11,386	-	-	30,529
<u>13,150</u>	<u>19,143</u>	<u>862,530</u>	<u>1,232,185</u>	<u>-</u>	<u>2,209,102</u>
-	16,379	-	-	3,656	34,888
-	-	-	-	-	28,211
117,781	-	-	-	-	118,731
35,450	-	843,437	-	139,438	1,036,327
-	-	-	915,000	-	915,000
-	-	-	366,012	-	366,012
<u>153,231</u>	<u>16,379</u>	<u>843,437</u>	<u>1,281,012</u>	<u>143,094</u>	<u>2,499,169</u>
(140,081)	2,764	19,093	(48,827)	(143,094)	(290,067)
1,219,000	-	200,000	-	294,338	1,713,338
-	-	-	-	800	800
<u>1,219,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>295,138</u>	<u>1,714,138</u>
1,078,919	2,764	219,093	(48,827)	152,044	1,424,071
<u>440,636</u>	<u>11,619</u>	<u>606,323</u>	<u>359,344</u>	<u>1,429,519</u>	<u>3,021,233</u>
<u>\$ 1,519,555</u>	<u>\$ 14,383</u>	<u>\$ 825,416</u>	<u>\$ 310,517</u>	<u>\$ 1,581,563</u>	<u>\$ 4,445,304</u>

CITY OF ALAMO HEIGHTS, TEXAS

**CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
General government	\$ 25,000	\$ 25,000	\$ 69,443	\$ (44,443)
Capital outlay	-	-	-	-
Bond issue cost	-	-	-	-
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>69,443</u>	<u>(44,443)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(69,443)</u>	<u>44,443</u>
OTHER FINANCING SOURCES (USES)				
Interest	-	-	658,407	(658,407)
Transfer in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>683,407</u>	<u>(658,407)</u>
Net change in fund balance	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	613,964	<u>\$ 44,443</u>
FUND BALANCE AT OCTOBER 1, 2022			<u>14,668,140</u>	
FUND BALANCE AT SEPTEMBER 30, 2023			<u>\$ 15,282,104</u>	

CITY OF ALAMO HEIGHTS, TEXAS

**STREET MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year Ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE				
Sales taxes	\$ 852,062	\$ 852,062	\$ 851,144	\$ (918)
Miscellaneous	<u>-</u>	<u>-</u>	<u>11,386</u>	<u>11,386</u>
Total revenues	<u>852,062</u>	<u>852,062</u>	<u>862,530</u>	<u>10,468</u>
EXPENDITURES				
Capital outlay	<u>1,000,000</u>	<u>852,062</u>	<u>843,437</u>	<u>8,625</u>
Excess (deficiency) of revenues over (under) expenditures	(147,938)	-	19,093	19,093
OTHER SOURCES (USES)				
Transfer in	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Net change in fund balance	<u><u>\$ (147,938)</u></u>	<u><u>\$ -</u></u>	219,093	<u><u>\$ 219,093</u></u>
FUND BALANCE AT OCTOBER 1, 2022			<u>606,323</u>	
FUND BALANCE AT SEPTEMBER 30, 2023			<u><u>\$ 825,416</u></u>	

CITY OF ALAMO HEIGHTS, TEXAS

**COMPREHENSIVE PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE				
Intergovernmental	\$ -	\$ -	\$ 13,150	\$ 13,150
EXPENDITURES				
Planning and development	75,000	75,000	117,781	(42,781)
Capital outlay	<u>-</u>	<u>-</u>	<u>35,450</u>	<u>(35,450)</u>
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>153,231</u>	<u>(78,231)</u>
Excess (deficiency) of revenues over (under) expenditures	(75,000)	(75,000)	(140,081)	91,381
OTHER SOURCES (USES)				
Transfer in	<u>25,000</u>	<u>25,000</u>	<u>1,219,000</u>	<u>(1,194,000)</u>
Net change in fund balance	<u><u>\$ (50,000)</u></u>	<u><u>\$ (50,000)</u></u>	1,078,919	<u><u>\$ 1,128,919</u></u>
FUND BALANCE AT OCTOBER 1, 2022			<u>440,636</u>	
FUND BALANCE AT SEPTEMBER 30, 2023			<u><u>\$ 1,519,555</u></u>	

CITY OF ALAMO HEIGHTS, TEXAS

**CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
Capital outlay	\$ 58,738	\$ 58,738	\$ 139,438	\$ (80,700)
Excess (deficiency) of revenues over (under) expenditures	(58,738)	(58,738)	(146,750)	88,012
OTHER SOURCES (USES)				
General government	-	-	3,656	3,656
Sale of assets	-	-	800	800
Transfer in	60,000	60,000	294,338	234,338
Total other sources (uses)	60,000	60,000	298,794	238,794
Net change in fund balance	\$ 1,262	\$ 1,262	152,044	\$ 150,782
FUND BALANCE AT OCTOBER 1, 2022			1,429,519	
FUND BALANCE AT SEPTEMBER 30, 2023			\$ 1,581,563	

CITY OF ALAMO HEIGHTS, TEXAS

**DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL**

Year ended September 30, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUE				
Property taxes	\$ 1,247,072	\$ 1,247,072	\$ 1,232,185	\$ (14,887)
Total revenue	<u>1,247,072</u>	<u>1,247,072</u>	<u>1,232,185</u>	<u>(14,887)</u>
EXPENDITURES				
Principal payment	850,000	850,000	915,000	(65,000)
Interest and fiscal charges	<u>431,113</u>	<u>431,113</u>	<u>366,012</u>	<u>65,101</u>
Total expenditures	<u>1,281,113</u>	<u>1,281,113</u>	<u>1,281,012</u>	<u>101</u>
Excess (deficiency) of revenues over (under) expenditures	(34,041)	(34,041)	(48,827)	(14,988)
FUND BALANCE AT OCTOBER 1, 2022	<u>369,380</u>	<u>369,380</u>	<u>359,344</u>	<u>10,036</u>
FUND BALANCE AT SEPTEMBER 30, 2023			<u>\$ 310,517</u>	

CITY OF ALAMO HEIGHTS, TEXAS

STATISTICAL SECTION

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

<u>Contents</u>	<u>Tables</u>
Financial Trends These tables contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	1 through 4
Revenue Capacity These tables contain information to help readers assess the City's most significant local revenue source – its property tax.	5 through 8
Debt Capacity These tables present information to help readers assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	9 through 11
Demographic and Economic Information These tables offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.	12 through 13
Operating Information These tables contain service and infrastructure data to help readers understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	14 through 16

Except where noted, the information in these tables is derived from the City of Alamo Heights annual comprehensive financial reports for the relevant year. The City implemented GASB Statement 34 in 2005; tables presenting government-wide information include information beginning that year.

CITY OF ALAMO HEIGHTS, TEXAS

**NET POSITION, BY COMPONENT
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
GOVERNMENTAL ACTIVITIES:				
Net investment in capital assets	\$ 11,109,401	\$ 10,055,717	\$ 6,881,496	\$ 7,539,445
Restricted	518,770	544,755	581,091	349,371
Unrestricted	<u>5,755,569</u>	<u>4,478,622</u>	<u>4,971,049</u>	<u>2,800,515</u>
 Total governmental activities net position	 <u>\$ 17,383,740</u>	 <u>\$ 15,079,094</u>	 <u>\$ 12,433,636</u>	 <u>\$ 10,689,331</u>
 BUSINESS-TYPE ACTIVITIES:				
Net investment in capital assets	\$ 8,907,010	\$ 8,132,553	\$ 8,019,228	\$ 8,174,500
Unrestricted	<u>2,480,740</u>	<u>3,001,697</u>	<u>2,462,898</u>	<u>1,559,023</u>
 Total business-type activities net position	 <u>\$ 11,387,750</u>	 <u>\$ 11,134,250</u>	 <u>\$ 10,482,126</u>	 <u>\$ 9,733,523</u>
 PRIMARY GOVERNMENT:				
Net investment in capital assets	\$ 20,016,411	\$ 18,188,270	\$ 14,900,724	\$ 15,713,945
Restricted	518,770	544,755	581,091	349,371
Unrestricted	<u>8,236,309</u>	<u>7,480,319</u>	<u>7,433,947</u>	<u>4,359,538</u>
 Total primary government net position	 <u>\$ 28,771,490</u>	 <u>\$ 26,213,344</u>	 <u>\$ 22,915,762</u>	 <u>\$ 20,422,854</u>

Note:

* In fiscal year September 30, 2015, the implementation of GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*”, resulted in a significant decrease in unrestricted net position in Business-type and Governmental activities.

TABLE 1

2019	2018	2017	2016	2015	2014
\$ 5,348,886	\$ 3,795,534	\$ 3,840,789	\$ 3,346,580	\$ 3,385,358	\$ 2,011,074
369,015	1,375,530	340,397	369,349	331,787	780,392
<u>3,541,307</u>	<u>2,593,935</u>	<u>2,143,435</u>	<u>1,728,809</u>	<u>881,015</u>	<u>6,137,390</u>
<u>\$ 9,259,208</u>	<u>\$ 7,764,999</u>	<u>\$ 6,324,621</u>	<u>\$ 5,444,738</u>	<u>\$ 4,598,160</u>	<u>\$ 8,928,856</u>
\$ 7,959,240	\$ 8,137,876	\$ 8,092,277	\$ 8,072,064	\$ 8,292,081	\$ 7,480,502
<u>1,302,354</u>	<u>976,720</u>	<u>799,592</u>	<u>748,423</u>	<u>414,360</u>	<u>1,897,524</u>
<u>\$ 9,261,594</u>	<u>\$ 9,114,596</u>	<u>\$ 8,891,869</u>	<u>\$ 8,820,487</u>	<u>\$ 8,706,441</u>	<u>\$ 9,378,026</u>
\$ 13,308,126	\$ 11,933,410	\$ 11,933,066	\$ 11,418,644	\$ 11,677,439	\$ 9,491,576
369,015	1,375,530	340,397	369,349	331,787	780,392
<u>4,843,661</u>	<u>3,570,655</u>	<u>2,943,027</u>	<u>2,477,232</u>	<u>1,295,375</u>	<u>8,034,914</u>
<u>\$ 18,520,802</u>	<u>\$ 16,879,595</u>	<u>\$ 15,216,490</u>	<u>\$ 14,265,225</u>	<u>\$ 13,304,601</u>	<u>\$ 18,306,882</u>

CITY OF ALAMO HEIGHTS, TEXAS

**CHANGES IN NET POSITION
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
EXPENSES				
Governmental activities:				
General government	\$ 2,591,843	\$ 2,560,477	\$ 2,031,697	\$ 1,977,702
Public safety	6,760,485	5,823,134	5,529,038	5,823,235
Streets	1,889,131	1,631,039	1,264,934	1,147,982
Sanitation	978,585	792,239	742,085	742,724
Planning and development	570,887	541,601	555,975	480,802
Parks and recreation	558,175	477,851	477,915	494,042
Interest on debt	<u>260,768</u>	<u>275,238</u>	<u>276,822</u>	<u>130,050</u>
Total governmental activities	<u>13,609,874</u>	<u>12,101,579</u>	<u>10,878,466</u>	<u>10,796,537</u>
 Business-type activities:				
Utility	<u>4,242,640</u>	<u>3,819,947</u>	<u>3,572,976</u>	<u>3,217,649</u>
Total business-type activities	<u>4,242,640</u>	<u>3,819,947</u>	<u>3,572,976</u>	<u>3,217,649</u>
Total primary government expenses	<u>17,852,514</u>	<u>15,921,526</u>	<u>14,451,442</u>	<u>14,014,186</u>
 PROGRAM REVENUES				
Governmental activities:				
Charges for service				
General government	1,556,655	942,682	659,418	631,752
Public safety	1,078,947	817,832	687,896	723,564
Streets	-	-	-	-
Sanitation	384,841	362,165	362,705	364,368
Planning and development	31,231	750,441	854,101	750,769
Parks and recreation	-	-	-	-
Capital grants and contributions:				
General government	-	-	-	-
Operating grants and contributions:				
General government	<u>236,543</u>	<u>581,177</u>	<u>64,251</u>	<u>80,525</u>
Total governmental activities program revenues	<u>3,288,217</u>	<u>3,454,297</u>	<u>2,628,371</u>	<u>2,550,978</u>
 Business-type activities:				
Charges for service				
Utility	<u>4,469,804</u>	<u>4,510,486</u>	<u>4,383,508</u>	<u>3,736,134</u>
Total business-type activities program revenues	<u>4,469,804</u>	<u>4,510,486</u>	<u>4,383,508</u>	<u>3,736,134</u>
Total primary government program revenues	<u>7,758,021</u>	<u>7,964,783</u>	<u>7,011,879</u>	<u>6,287,112</u>

TABLE 2

2019	2018	2017	2016	2015	2014
\$ 2,028,929	\$ 1,961,412	\$ 1,895,152	\$ 1,837,698	\$ 1,812,948	\$ 1,549,460
5,933,177	5,742,935	5,647,734	5,538,340	5,194,754	5,344,641
1,411,531	1,013,595	1,218,412	1,155,238	1,506,114	1,267,014
837,197	831,282	823,454	723,504	717,951	704,509
423,144	400,675	387,742	366,567	308,311	282,541
344,389	333,293	334,285	295,882	272,363	248,282
<u>129,228</u>	<u>127,671</u>	<u>158,604</u>	<u>234,167</u>	<u>243,462</u>	<u>263,262</u>
<u>11,107,595</u>	<u>10,410,863</u>	<u>10,465,383</u>	<u>10,151,396</u>	<u>10,055,903</u>	<u>9,659,709</u>
<u>3,328,956</u>	<u>3,352,294</u>	<u>3,236,496</u>	<u>3,063,239</u>	<u>3,154,421</u>	<u>2,977,031</u>
<u>3,328,956</u>	<u>3,352,294</u>	<u>3,236,496</u>	<u>3,063,239</u>	<u>3,154,421</u>	<u>2,977,031</u>
<u>14,436,551</u>	<u>13,763,157</u>	<u>13,701,879</u>	<u>13,214,635</u>	<u>13,210,324</u>	<u>12,636,740</u>
908,928	777,764	984,217	1,220,246	928,930	905,045
714,163	709,102	655,989	685,288	685,288	672,670
-	-	-	-	-	-
363,380	361,944	362,903	364,221	360,087	390,448
959,826	652,681	640,550	557,398	538,131	609,163
-	-	-	-	-	-
-	553,374	40,000	-	-	415,005
<u>49,255</u>	<u>49,261</u>	<u>86,395</u>	<u>68,757</u>	<u>328,437</u>	<u>48,733</u>
<u>2,995,552</u>	<u>3,104,126</u>	<u>2,770,054</u>	<u>2,895,910</u>	<u>2,840,873</u>	<u>3,041,064</u>
<u>3,495,304</u>	<u>3,523,432</u>	<u>3,378,349</u>	<u>3,223,824</u>	<u>3,084,542</u>	<u>3,203,337</u>
<u>3,495,304</u>	<u>3,523,432</u>	<u>3,378,349</u>	<u>3,223,824</u>	<u>3,084,542</u>	<u>3,203,337</u>
<u>6,490,856</u>	<u>6,627,558</u>	<u>6,148,403</u>	<u>6,119,734</u>	<u>5,925,415</u>	<u>6,244,401</u>

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

**CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)**

	2023	2022	2021	2020
Net (expense) revenues				
Governmental activities	\$ (10,321,657)	\$ (9,397,723)	\$ (8,250,095)	\$ (8,245,559)
Business-type activities	<u>227,164</u>	<u>690,539</u>	<u>810,532</u>	<u>518,485</u>
Total primary government net expenses	<u>(10,094,493)</u>	<u>(8,707,184)</u>	<u>(7,439,563)</u>	<u>(7,727,074)</u>
 GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property taxes	7,739,651	7,367,499	6,892,837	6,697,396
Sales taxes	2,553,433	2,599,290	2,194,576	1,981,009
Other taxes	849,594	864,225	723,549	719,706
Unrestricted investment earnings	1,315,112	199,155	12,881	125,524
Miscellaneous	74,965	120,818	99,756	81,246
Proceeds from sale of assets	-	-	-	-
Special item	-	-	-	-
Sales of capital assets	800	70,952	-	-
Transfers	<u>92,748</u>	<u>70,801</u>	<u>70,801</u>	<u>70,801</u>
Total governmental activities	<u>12,626,303</u>	<u>11,292,740</u>	<u>9,994,400</u>	<u>9,675,682</u>
 Business-type activities:				
Interest and investment earnings	115,468	24,258	2,512	21,268
Miscellaneous	3,616	8,128	6,360	2,977
Transfers	<u>(92,748)</u>	<u>(70,801)</u>	<u>(70,801)</u>	<u>(70,801)</u>
Total business-type activities	<u>26,336</u>	<u>(38,415)</u>	<u>(61,929)</u>	<u>(46,556)</u>
 CHANGES IN NET POSITION				
Governmental activities	2,304,646	1,895,017	1,744,305	1,430,123
Business-type activities	<u>253,500</u>	<u>652,124</u>	<u>748,603</u>	<u>471,929</u>
Total primary government	<u>\$ 2,558,146</u>	<u>\$ 2,547,141</u>	<u>\$ 2,492,908</u>	<u>\$ 1,902,052</u>

TABLE 2

2019	2018	2017	2016	2015	2014
\$ (8,112,043)	\$ (7,306,737)	\$ (7,695,329)	\$ (7,263,846)	\$ (7,215,630)	\$ (6,618,645)
<u>166,348</u>	<u>171,138</u>	<u>141,853</u>	<u>160,585</u>	<u>(69,879)</u>	<u>226,306</u>
<u>(7,945,695)</u>	<u>(7,135,599)</u>	<u>(7,553,476)</u>	<u>(7,103,261)</u>	<u>(7,285,509)</u>	<u>(6,392,339)</u>
6,596,419	6,292,204	6,177,119	5,870,136	5,455,046	5,259,723
1,787,661	1,687,696	1,274,518	1,262,914	946,872	940,436
769,782	804,079	796,226	790,662	806,607	733,572
245,377	156,228	57,456	26,569	24,742	26,225
136,212	73,777	94,553	93,897	82,606	113,682
-	6,508	-	-	-	-
-	-	-	-	(56,776)	-
-	-	-	-	-	-
<u>(70,801)</u>	<u>66,246</u>	<u>70,471</u>	<u>66,246</u>	<u>66,246</u>	<u>59,662</u>
<u>9,464,650</u>	<u>9,086,738</u>	<u>8,470,343</u>	<u>8,110,424</u>	<u>7,325,343</u>	<u>7,133,300</u>
36,803	23,451	-	-	-	-
14,648	118,245	-	19,707	13,354	1,751
<u>70,801</u>	<u>(66,246)</u>	<u>(70,471)</u>	<u>(66,246)</u>	<u>(66,246)</u>	<u>(59,662)</u>
<u>122,252</u>	<u>75,450</u>	<u>(70,471)</u>	<u>(46,539)</u>	<u>(52,892)</u>	<u>(57,911)</u>
1,352,607	1,780,001	775,014	109,713	514,655	131,202
<u>288,600</u>	<u>246,588</u>	<u>71,382</u>	<u>(122,771)</u>	<u>168,395</u>	<u>672,658</u>
<u>\$ 1,641,207</u>	<u>\$ 2,026,589</u>	<u>\$ 846,396</u>	<u>\$ (13,058)</u>	<u>\$ 683,050</u>	<u>\$ 803,860</u>

CITY OF ALAMO HEIGHTS, TEXAS

**FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
GENERAL FUND				
Non-spendable - prepaids	\$ 851,505	\$ 90,118	\$ 81,965	\$ 81,965
Unassigned	<u>6,255,878</u>	<u>6,227,944</u>	<u>5,770,612</u>	<u>5,653,691</u>
 Total general fund	 <u>\$ 7,107,383</u>	 <u>\$ 6,318,062</u>	 <u>\$ 5,852,577</u>	 <u>\$ 5,735,656</u>
 ALL OTHER GOVERNMENTAL FUNDS				
Restricted for:				
Confiscated property	\$ 32,611	\$ 20,020	\$ 26,208	\$ 24,289
Court security	102,013	88,861	84,447	74,665
Community programs	4,719	7,363	20,236	33,263
Police training	32,888	33,185	32,943	33,387
Court technology	21,639	24,363	30,492	25,927
Comprehensive plan	-	-	-	-
Street maintenance	-	-	-	-
Animal services	14,383	11,619	17,385	-
TNR foster	-	-	-	8,383
Debt service	310,517	359,344	369,380	149,737
Capital projects	15,282,104	14,668,140	14,118,268	-
Committed for:				
Capital replacement	1,629,732	659,980	1,547,856	1,299,322
Street maintenance	7,707	606,323	1,425,692	801,478
Comprehensive plans	1,519,555	440,636	166,693	150,789
Private contributions	-	-	-	-
Assigned:				
Capital projects	-	-	178,282	178,282
Unassigned	-	-	-	-
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total all other governmental funds	 <u>\$ 18,957,868</u>	 <u>\$ 16,919,834</u>	 <u>\$ 18,017,882</u>	 <u>\$ 2,779,522</u>

TABLE 3

2019	2018	2017	2016	2015	2014
\$ 89,599	\$ 89,599	\$ 85,601	\$ 86,642	\$ 78,982	\$ 87,663
<u>5,374,977</u>	<u>4,487,739</u>	<u>3,830,544</u>	<u>3,545,922</u>	<u>3,257,254</u>	<u>3,341,248</u>
<u>\$ 5,464,576</u>	<u>\$ 4,577,338</u>	<u>\$ 3,916,145</u>	<u>\$ 3,632,564</u>	<u>\$ 3,336,236</u>	<u>\$ 3,428,911</u>
\$ 31,411	\$ 26,071	\$ 10,688	\$ 11,977	\$ 12,654	\$ 31,083
117,145	114,808	106,438	97,208	86,406	121,374
34,063	25,237	65,041	96,233	110,074	101,110
31,154	31,667	32,483	31,403	30,777	32,739
24,702	11,868	15,709	27,806	18,592	19,732
-	-	-	9,743	9,393	17,136
-	1,039,019	-	9,868	-	284,795
-	-	-	-	-	-
4,766	9,336	4,687	12,034	8,035	5,834
125,774	117,524	105,351	73,077	55,856	166,589
-	-	-	-	-	613,859
1,382,447	1,112,340	872,058	659,640	527,378	440,692
741,092	869,536	569,536	396,763	26,763	765,000
82,178	80,077	72,114	20,000	20,000	20,000
-	-	-	-	-	-
1,093,256	866,083	908,077	961,694	955,423	1,050,936
-	-	-	-	-	3,426
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,667,988</u>	<u>\$ 4,303,566</u>	<u>\$ 2,762,182</u>	<u>\$ 2,407,446</u>	<u>\$ 1,861,351</u>	<u>\$ 3,674,305</u>

CITY OF ALAMO HEIGHTS, TEXAS

**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES				
Taxes	\$ 11,115,696	\$ 10,820,121	\$ 9,836,024	\$ 9,424,483
Licenses and permits	696,944	750,441	854,101	750,769
Intergovernmental	941,260	1,149,231	529,499	509,179
CIED revenue	-	-	-	-
Charges for services	1,313,828	1,254,195	1,118,478	1,084,287
Fines	251,909	209,383	233,214	219,708
Property forfeitures	-	-	-	-
Investment earnings	1,315,111	199,155	12,881	125,524
Miscellaneous	<u>154,116</u>	<u>172,221</u>	<u>86,514</u>	<u>110,599</u>
Total revenues	<u>15,788,864</u>	<u>14,554,747</u>	<u>12,670,711</u>	<u>12,224,549</u>
EXPENDITURES				
General government	2,152,294	2,370,350	1,766,333	1,684,692
Public safety	6,343,416	5,985,833	5,737,587	5,514,703
Streets	700,864	680,670	586,322	514,674
Sanitation	906,819	795,764	767,307	722,133
Planning and development	562,902	568,186	575,416	479,211
Parks and recreation	332,197	319,112	299,672	311,440
Capital outlay	1,545,092	2,527,424	258,541	2,827,622
Debt service:				
Principal	915,000	850,000	565,000	746,600
Interest and fiscal charges	366,012	410,783	279,928	122,786
Bond issuance cost	-	-	-	-
Total expenditures	<u>13,824,596</u>	<u>14,508,122</u>	<u>10,836,106</u>	<u>12,923,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,964,268</u>	<u>46,625</u>	<u>1,834,605</u>	<u>(699,312)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	(1,738,338)	(1,210,376)	(1,285,831)	(1,285,329)
Transfers out	1,831,086	1,281,177	1,356,632	1,356,130
Sale of assets	800	19,550	25,820	-
Lease obligation	-	-	-	11,125
Bond proceeds	-	-	17,700,000	-
Bond premiums issued	-	-	640,434	-
Proceeds from insurance settlement	-	-	-	-
Payment to escrow agent	-	-	(4,916,379)	-
Total other financing sources (uses)	<u>93,548</u>	<u>90,351</u>	<u>13,520,676</u>	<u>81,926</u>
Net change in fund balances	<u>\$ 2,057,816</u>	<u>\$ 136,976</u>	<u>\$ 15,355,281</u>	<u>\$ (617,386)</u>
Debt service as a percentage of noncapital expenditures	10.43%	10.52%	7.99%	8.61%

TABLE 4

2019	2018	2017	2016	2015	2014
\$ 9,159,134	\$ 8,834,234	\$ 8,264,472	\$ 7,962,696	\$ 7,326,071	\$ 6,875,122
959,826	652,681	640,550	557,398	538,131	609,163
465,276	500,077	554,490	501,461	740,041	900,143
-	-	-	-	-	-
1,294,874	1,237,709	1,223,119	1,400,679	1,184,844	1,186,961
288,131	279,653	284,287	300,570	270,080	229,579
-	-	-	-	-	-
245,377	156,228	57,456	26,569	24,742	26,225
144,960	618,541	103,519	106,847	89,804	89,286
<u>12,557,578</u>	<u>12,279,123</u>	<u>11,127,893</u>	<u>10,856,220</u>	<u>10,173,713</u>	<u>9,916,479</u>
1,731,575	1,699,236	1,714,263	1,615,661	1,604,852	1,502,037
5,512,769	5,307,108	5,283,630	5,222,337	5,005,896	4,844,906
493,911	495,929	487,630	527,469	475,997	381,888
802,680	780,094	786,960	677,438	690,782	653,466
412,467	388,666	379,662	360,546	310,386	282,541
313,016	296,819	302,840	280,127	263,406	237,043
2,181,720	260,318	870,337	527,414	2,864,168	6,911,167
789,660	767,711	742,690	645,000	625,000	600,000
138,921	154,583	174,367	191,655	248,325	268,014
-	-	-	38,625	-	-
<u>12,376,719</u>	<u>10,150,464</u>	<u>10,742,379</u>	<u>10,086,272</u>	<u>12,088,812</u>	<u>15,681,062</u>
<u>180,859</u>	<u>2,128,659</u>	<u>385,514</u>	<u>769,948</u>	<u>(1,915,099)</u>	<u>(5,764,583)</u>
(1,094,409)	(780,254)	(830,000)	(823,082)	(797,191)	(536,008)
1,165,210	846,500	900,471	889,328	863,437	595,670
-	-	-	-	-	-
-	-	77,463	-	-	360,000
-	-	-	1,605,000	-	-
-	-	-	108,941	-	-
-	-	-	-	(56,776)	56,241
-	-	-	(1,707,712)	-	-
<u>70,801</u>	<u>66,246</u>	<u>147,934</u>	<u>72,475</u>	<u>9,470</u>	<u>475,903</u>
<u>\$ 251,660</u>	<u>\$ 2,194,905</u>	<u>\$ 533,448</u>	<u>\$ 842,423</u>	<u>\$ (1,905,629)</u>	<u>\$ (5,288,680)</u>
9.11%	9.33%	9.29%	8.75%	9.47%	9.90%

CITY OF ALAMO HEIGHTS, TEXAS

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL PERIODS**

TABLE 5

	TAXABLE ASSESSED VALUE PERSONAL PROPERTY	TAXABLE ASSESSED VALUE REAL PROPERTY	TOTAL TAXABLE ASSESSED VALUE	TOTAL DIRECT TAX RATE
Year ended September 30, 2023	27,724,231	2,053,138,431	2,080,862,662	0.388051
Year ended September 30, 2022	27,566,705	1,747,497,993	1,775,064,698	0.404439
Year ended September 30, 2021	27,821,192	1,842,246,293	1,870,067,485	0.386439
Year ended September 30, 2020	27,682,663	1,799,802,432	1,827,485,095	0.386439
Year ended September 30, 2019	38,867,712	1,692,308,676	1,731,176,388	0.386439
Year ended September 30, 2018	38,406,710	1,638,595,415	1,677,002,125	0.389900
Year ended September 30, 2017	36,295,321	1,551,854,285	1,588,149,606	0.390262
Year ended September 30, 2016	34,135,262	1,421,781,934	1,455,917,196	0.390262
Year ended September 30, 2015	33,326,092	1,395,181,683	1,428,507,775	0.390262
Year ended September 30, 2014	30,592,813	1,369,899,848	1,400,492,661	0.390262

Notes:

Source: Bexar County Appraisal District

Property in the City of Alamo Heights is reassessed every year at estimated actual value. For this reason, assessed value is equal to estimated actual value. Tax rates are per \$100 of assessed value.

CITY OF ALAMO HEIGHTS, TEXAS

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL PERIODS**

TABLE 6

FISCAL PERIOD	CITY DIRECT RATES			OVERLAPPING RATES					
	M & O	I & S	TOTAL CITY	ALAMO HEIGHTS ISD	BEXAR COUNTY	COMMUNITY COLLEGE DISTRICT	HOSPITAL	OTHER	TOTAL
2023	0.326051	0.062000	0.388051	0.9666	0.27633	0.14915	0.276235	0.04167	2.09804
2022	0.336439	0.068000	0.404439	1.1964	0.27633	0.14915	0.276235	0.04203	2.32790
2021	0.336439	0.050000	0.386439	1.1964	0.27743	0.14915	0.276235	0.04225	2.23790
2020	0.336439	0.050000	0.386439	1.1950	0.27743	0.14915	0.276235	0.04225	2.32650
2019	0.336439	0.050000	0.386439	1.2550	0.27743	0.14915	0.276235	0.04225	2.38650
2018	0.336439	0.050000	0.386439	1.1950	0.27743	0.14915	0.276235	0.04225	2.33653
2017	0.332900	0.057000	0.389900	1.1950	0.29325	0.14915	0.276235	0.03299	2.34244
2016	0.330762	0.059500	0.390262	1.1950	0.29750	0.14915	0.276235	0.03429	2.35635
2015	0.336486	0.053776	0.390262	1.2050	0.29750	0.14915	0.276235	0.04820	2.35265
2014	0.325762	0.064500	0.390262	1.2180	0.28380	0.14915	0.276235	0.04820	2.37790

Notes:

Source: Bexar County Appraisal District

Overlapping rates are those of local and county governments that apply within the City of Alamo Heights.

CITY OF ALAMO HEIGHTS, TEXAS

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT PERIOD AND NINE PERIODS AGO**

TABLE 7

TAXPAYERS	2023			2014		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
REIF III-5500 BROADWAY LLC	\$ 52,300,000	1	2.46%	N/A	N/A	
ALAMO HEIGHTS TREEHOUSE LTD	17,135,000	2	0.81%	6,500,000	3	0.46%
HEB GROCERY COMPANY LP	15,732,298	3	0.74%	13,072,880	1	0.92%
200 AUSTIN HWY LTD	8,690,000	4	0.41%	N/A	N/A	
GLENN H HUDDLESTON	7,375,310	5	0.35%	5,083,452	6	0.36%
CHRISTOPHER GOLDSBURY JR	6,930,000	6	0.33%	6,649,720	2	0.47%
5307 BROADWAY LTD	6,800,000	7	0.32%	N/A	N/A	
EXCHANGE 09 LLC	6,420,000	8	0.30%	N/A	N/A	
ATWELL PROPERTIES LTD	6,319,140	9	0.30%	N/A	N/A	
STEWART CENTER INC	6,315,818	10	0.30%	3,599,578	9	0.25%
GEORGE A GEIS	N/A			5,015,448	7	0.35%
SOUTHWESTERN BELL TELEPHONE	N/A			5,298,909	4	0.37%
BARNES WILLIAM MICHAEL	N/A			5,136,820	5	0.36%
TIMOTHY DEAN WORD FAM TRUST	N/A			3,510,000	10	0.25%
BEXAR DIVERSIFIED INC MF-1	N/A			3,618,860	8	0.25%
TOTAL	\$ 134,017,566		6.31%	\$ 57,485,667		4.04%

Note:

Source: Bexar County Appraisal District

CITY OF ALAMO HEIGHTS, TEXAS

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL PERIODS
(IN THOUSANDS)**

TABLE 8

	TAXES LEVIED FOR THE FISCAL PERIOD	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2023	\$ 7,748	\$ 7,685	99.19%	\$ -	\$ -	
2022	7,365	7,308	99.23%	23	7,331	99.55%
2021	6,867	6,826	99.40%	23	6,849	99.55%
2020	6,727	6,680	99.30%	32	6,712	99.30
2019	6,593	6,548	99.32%	30	6,578	99.74
2018	6,291	6,248	99.32%	28	6,276	99.75
2017	6,160	6,115	99.27%	31	6,146	99.77
2016	5,875	5,819	99.05%	44	5,863	99.80
2015	5,449	5,415	99.38%	23	5,438	99.76
2014	5,208	5,123	98.37%	77	5,200	99.83

Note:

Source: Bexar Appraisal District

CITY OF ALAMO HEIGHTS, TEXAS

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL PERIODS**

TABLE 9

FISCAL PERIOD	GOVERNMENTAL ACTIVITIES ^a			BUSINESS-TAX ACTIVITIES ^a		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME ^d	PER CAPITA ^d
	COMBINATION TAX AND REVENUE BONDS CO's ^b	GENERAL OBLIGATION BONDS ^c	LEASES AND SUBSCRIPTIONS	COMBINATION TAX AND REVENUE BONDS CO's ^b	GENERAL OBLIGATION BONDS ^c			
2023	\$ -	\$ 15,879,117	\$ 32,332	\$ -	\$ 623,814	\$ 16,535,263	2.05%	1,908
2022	-	16,839,466	12,443	-	767,268	17,619,177	2.18	2,033
2021	-	17,734,815	-	-	910,721	18,645,536	2.32	2,165
2020	-	4,909,085	-	-	1,049,175	5,958,260	0.74	692
2019	-	5,673,836	26,600	-	1,187,629	6,888,065	0.89	802
2018	-	6,401,798	111,260	-	1,321,083	7,834,141	1.22	975
2017	-	7,114,760	165,574	-	1,449,536	8,729,870	1.54	1,086
2016	490,000	7,337,722	231,544	110,000	1,462,990	9,632,256	1.65	1,160
2015	2,575,000	5,799,158	214,352	1,610,000	-	10,198,510	1.85	1,306
2014	3,010,000	5,990,332	323,894	1,715,000	-	11,039,226	2.42	1,570

Notes:

- a. Details regarding the City's outstanding debt can be found in note 3 in the financial statements.
- b. The City issued \$6,300,000 of Tax and Revenue Bonds Certificates of Obligation in 2012.
- c. The City refunded \$2,850,000 of the Combination Tax and Revenue Certificates of Obligations, Series 2007 in 2016.
- d. See Table 11 for personal income and population data for the City. These ratios are calculated only using personal income and population for the year.

CITY OF ALAMO HEIGHTS, TEXAS

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL PERIODS**

TABLE 10

<u>FISCAL YEAR</u>	<u>GENERAL OBLIGATION BONDS</u>	<u>LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND</u>	<u>TOTAL</u>	<u>PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY</u>	<u>PER CAPITA</u>
2023	\$ 15,879,117	\$ 310,517	\$ 15,568,600	0.67%	\$ 1,796
2022	16,839,466	359,344	16,480,122	0.79	1,901
2021	17,734,815	369,380	17,365,435	0.98	2,016
2020	4,909,085	149,737	4,759,348	0.26	554
2019	5,673,836	125,774	5,548,062	0.30	690
2018	6,401,798	117,524	6,284,274	0.36	782
2017	7,114,760	105,351	7,009,409	0.41	898
2016	7,827,722	73,077	7,754,645	0.48	993
2015	8,374,158	55,856	8,318,302	0.57	1,066
2014	9,000,332	166,589	8,833,743	0.62	1,256

CITY OF ALAMO HEIGHTS, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF

September 30, 2023

TABLE 11

GOVERNMENTAL UNIT	DEBT OUTSTANDING	AS OF	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt repaid with property taxes				
Alamo Community College District	\$ 773,715,000 *	9/30/2023	0.97 %	\$ 7,505,036
Alamo Heights Independent School District	168,615,000 *	9/30/2023	23.76	40,062,924
Bexar County	2,148,125,000 *	9/30/2023	0.97	20,836,813
Bexar County Hospital District	1,320,585,000 *	9/30/2023	0.97	<u>12,809,675</u>
Total Overlapping Debt:				<u>81,214,447</u>
City of Alamo Heights				<u>15,960,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT				<u>\$ 97,174,447</u>
TOTAL DIRECT AND OVERLAPPING DEBT % OF A.V.:				4.08%
TOTAL DIRECT AND OVERLAPPING DEBT PER CAPITA:				\$ 12,905

* Gross Debt

The overlapping debt was received from the Municipal Advisory Council of Texas, except the Alamo Heights Independent School District which was obtained directly. Details regarding the City's outstanding debt can be found in note 3 to the current financial statements.

CITY OF ALAMO HEIGHTS, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL PERIODS

TABLE 12

<u>YEAR</u>	<u>POPULATION</u>	<u>PERSONAL INCOME</u>	<u>PER CAPITA PERSONAL INCOME</u>	<u>MEDIAN AGE</u>	<u>EDUCATION LEVEL WITH AT LEAST A BACHELOR'S</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2023	8,668	\$ 917,828,516	\$ 105,887	40	74.2%	4,824	1.7%
2022	8,668	807,346,188	93,141	44	74.2%	4,846	1.7%
2021	8,614	802,316,574	93,141	44	74.4%	4,786	4.5%
2020	8,593	800,360,613	93,141	44	74.4%	4,917	7.7%
2019	8,038	727,808,748	90,546	43	70.5%	4,786	2.9%
2018	8,038	643,562,470	80,065	44	73.6%	4,808	3.1%
2017	8,038	566,687,038	70,501	44	73.6%	4,808	3.2%
2016	7,806	550,330,806	70,501	45	71.4% *	4,808	3.8%
2015	7,031	495,411,291	70,461	44	15.7%	4,800	3.7%
2014	7,031	456,916,566	64,986	40	15.7%	4,800	4.3%

Notes:

* In fiscal year 2016, City started to use percentage of persons with a bachelor's degree.

Sources: Various city departments, Alamo Heights Independent School District, and Texas Workforce Commission.

CITY OF ALAMO HEIGHTS, TEXAS

**PRINCIPAL EMPLOYERS
CURRENT PERIOD AND NINE YEARS AGO**

TABLE 13

EMPLOYER	2023			2014		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (2)
Fort Sam Houston	36,000	1	3.30%	32,000	2	3.14%
Lackland Air Force Base	34,833	2	3.19%	37,097	1	3.67%
H.E.B. Food Stores	20,000	3	1.83%	20,000	3	1.96%
United Services Automobile Association	19,000	4	1.74%	16,000	4	1.57%
City of San Antonio	14,507	5	1.33%	9,145	8	0.90%
Northside Independent School District	12,605	6	1.15%	12,751	5	1.25%
Methodist Healthcare System	12,000	7	1.10%	8,118	9	0.80%
North East Independent School District	8,210	8	0.75%	10,052	7	0.98%
San Antonio Independent School District	7,500	9	0.69%	N/A		
Randolph Air Force Base	5,778	10	0.53%	11,068	6	1.09%
Baptist Health System	N/A			7,205	10	0.71%
Totals	170,433		15.61%	163,436		16.07%

Notes:

Statistics for the San Antonio Metropolitan area are relevant to the City of Alamo Heights which is landlocked by the City of San Antonio.

Source: Economic Development Division, City of San Antonio, Texas, Greater San Antonio Chamber of Commerce, Economic Development Foundation, and San Antonio Business Journal Book of Lists.

CITY OF ALAMO HEIGHTS, TEXAS

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL PERIODS**

TABLE 14

<u>FUNCTION/PROGRAM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government										
Administration	8	9	8	7	7	7	7	7	8	8
Municipal court*	1	1	1	1	1	1	1	1	1	1
Planning and development	5	4	5	5	5	4	4	4	3	3
Public safety										
Police**	25	24	23	23	23	23	23	25	24	24
Communications center	10	10	10	10	10	10	10	10	10	9
Fire	18	18	18	18	18	18	18	20	20	20
EMS***	6	6	6	6	6	6	6	8	8	9
Public works										
Public works administration	1	1	1	1	1	1	1	1	1	1
Parks	4	4	4	4	4	4	4	4	4	4
Streets	5	5	5	5	5	5	5	5	4	4
Solid waste	10	10	10	10	10	10	10	10	10	10
Utilities	10	10	10	10	10	10	10	10	8	8
Totals	<u>103</u>	<u>102</u>	<u>101</u>	<u>100</u>	<u>100</u>	<u>99</u>	<u>99</u>	<u>105</u>	<u>101</u>	<u>101</u>

Note:

* Municipal Court has appointed positions for two judges and a prosecutor

** Police has one part-time animal care services position

*** EMS has one part-time administrative position

CITY OF ALAMO HEIGHTS, TEXAS

**OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS**

FUNCTION/PROGRAM	2023	2022	2021	2020
General government				
Building permits issued	353	396	657	421
Police				
Arrests	203	337	255	187
Parking violations	504	532	368	223
Traffic violations	3,791	5,574	2,644	1,335
Fire				
Number of calls answered	1,922	1,898	1,693	1,367
Number of fire responses	893	820	694	484
Number of EMS responses	1,029	1,078	999	883
Number of inspections	341	318	103	160
Number of training classes	704	675	1,170	857
Water				
Total consumption (gallons)	533,308,404	546,463,001	500,734,695	652,249,000
Daily average consumption (gallons)	1,461,119	1,497,159	1,371,876	1,786,984
Number of service connections	3,107	3,150	3,156	3,058
Average daily use per connection	470	475	435	584
Sewer				
Total customers	2,710	2,725	2,658	2,648

Note:

Source: Various City Departments

TABLE 15

2019	2018	2017	2016	2015	2014
244	249	242	172	132	267
368	282	379	249	249	205
371	361	357	428	428	303
5,168	5,552	4,246	5,538	5,392	6,169
1,663	1,406	1,399	1,502	1,400	1,500
614	489	452	581	526	652
1,049	917	947	921	874	848
288	284	209	190	372	484
713	531	708	899	1009	752
606,513,000	579,934,834	593,338,470	660,050,100	552,095,866	644,466,602
1,661,679	1,588,863	1,625,585	1,808,356	1,512,591	1,765,662
3,131	3,077	3,037	3,055	3,046	2,963
531	516	535	592	497	596
2,766	2,784	2,772	2,755	2,746	2,688

CITY OF ALAMO HEIGHTS, TEXAS

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS**

<u>FUNCTION/PROGRAM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Police				
Stations	1	1	1	1
Patrol units	10	9	8	8
Fire				
Stations	1	1	1	1
Training facility	2	2	2	2
Fire apparatus	2	2	2	2
EMS				
Ambulance	3	3	3	3
Sanitation				
Garbage trucks	6	6	6	6
Streets				
Streets paved (miles)	41.40	41.40	41.40	41.40
Lane miles	1,048.00	1,048.00	1,048.00	1,048.00
Parks				
Swimming pools	1	1	1	1
Baseball/softball diamonds	2	2	2	2
Animal control				
Control vehicle	2	2	2	1
Water				
Number of reservoirs	1	1	1	1
Number of pump stations	6	6	6	6
Number of water mains (miles)	44	44.2	44.2	44.2
Sewer				
Sanitary sewers (miles)	32	32.3	32	32

Note:

Source: City asset listing and various City departments

TABLE 16

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
1	1	1	1	1	1
8	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
2	2	2	2	2	2
3	3	3	3	3	3
6	6	6	6	6	6
41.40	41.40	41.40	41.40	40.25	40.25
1,048.00	1,048.00	1,048.00	1,048.00	1,018.90	1,018.90
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
44.2	44.2	44.2	44.2	44.2	44.2
32	32	32	32	32	32