



Comprehensive Annual Report



**City of Alamo Heights
FY 2013 - 2014**

CITY OF ALAMO HEIGHTS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by:
Administration and Finance Department
Mark Browne, City Manager
Cynthia Barr, Director of Finance

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INTRODUCTORY SECTION

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



March 23, 2015

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

The Comprehensive Annual Financial Report (CAFR) of the City of Alamo Heights, Texas (City) for the year ended September 30, 2014 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, P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Alamo Heights financial statements for the year ended September 30, 2014. 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. 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.

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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 50 percent of general fund revenues. The City's revenue sources have remained relatively steady despite the nation's economic downturn.

Despite its inclusion in such a major urban setting, the City has retained a feeling of 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 enterprise 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.

With the adoption of the 2011 – 2012 Budget on September 26, 2011 the City established an operating reserve in the general fund equal to three (3) months or 25% of departmental operating allocations and a reserve in the utility fund equal to two (2) months or 16% of operating allocations. The City of Alamo Heights also established emergency reserves in both the general and utility funds of 5% of the total departmental 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

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.

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. The City does not anticipate the issuance of additional debt within the next twelve months.

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 will allow for the proper maintenance of every City street over a 20-year period. The City's capital improvement program (CIP) which includes several major street projects was finalized last year. 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 2012.

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 committees, 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. The Strategic Action Plan adopted for fiscal year 2013-2014 is as follows:

- Governance and Communication – Promote honest and open government through civic engagement and informative and responsive communication with our customers.
- Infrastructure and Services – Properly maintain and strategically improve infrastructure and provide excellent city services.
- Neighborhood Character and Commercial Revitalization – Enhance and protect the unique character of our neighborhoods while supporting the development of a vibrant and attractive commercial district.
- Accountability and Management – Be responsible stewards of public resources and utilize best management practices for our residents.

During the 2013-2014 fiscal year, the City has undertaken a number of 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)
- Finalize building and furnishing new municipal facilities funded with the 2012 GO Bonds
- Continued study of Economic Development Plans

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 comprehensive annual financial report (CAFR) for the twelve months ended September 30, 2013. This was the seventeenth 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 comprehensive annual 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 comprehensive annual 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 appreciation to Cynthia Barr, Director of Finance, for her leadership on this project and all members of the department who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mark Browne

Mark Browne
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Alamo Heights
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF ALAMO HEIGHTS, TEXAS
CITY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Mayor

Louis Cooper

Council Members

Bobby Hasslocher
Bobby Rosenthal
Fred Prassel
John Savage
Lynda Billa Burke

City Manager

Mark Browne

City Attorney

Michael Brennan

Public Works Director

Patrick Sullivan

Director of Finance

Cynthia Barr

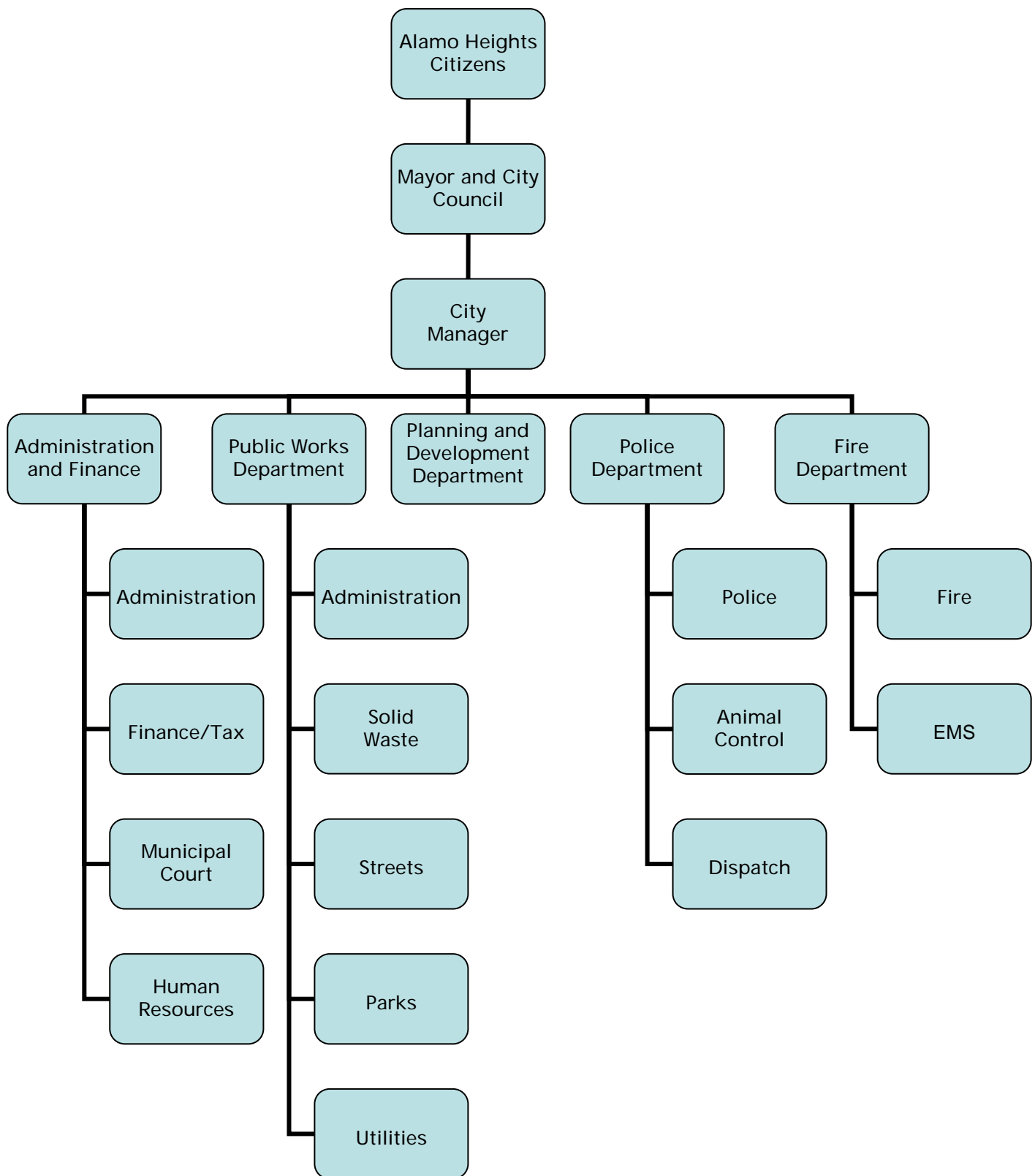
Fire Chief

Buddy Kuhn

Police Chief

Rick Pruitt

City of Alamo Heights, Texas
Organization Chart – September 30, 2014



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FINANCIAL SECTION

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Independent Auditor's Report

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

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, as of and for the year ended September 30, 2014, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas, as of September 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5A through 5G and pages 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Alamo Heights, Texas's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

ABIP, PC

Certified Public Accountants
San Antonio, Texas

March 23, 2015

CITY OF ALAMO HEIGHTS, TEXAS

Management's Discussion and Analysis (MD & A)

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, 2014. 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 \$5,259,723 and increased by less than 2% from last year. The increase was due to a minimal increase in the appraised property values from last year.
- 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, 2014 was \$26,225 as compared to \$30,244 for the year ended September 30, 2013. This increase was the result of an increase in the investment balances related to unspent bond funding.
- The City's total net position which includes all activity types continued to increase this year by \$683,050 while providing additional fund for the new city facilities of \$208,008.

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 statement will find the fund financial statement presentation more familiar. Fund financial statements provide more information about the governmental entity's most significant funds – not the entity 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, ten (10) special revenue funds, one capital projects fund, 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 over time as a useful indicator of a government's financial position. In the City's case, assets exceeded liabilities by \$18,306,882 at September 30, 2014. Of this amount, \$8,034,914 or approximately 44% 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 63% 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 \$10,018,675, or approximately 32% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of \$31,469,289. Long-term liabilities amounted to \$10,544,527, which represents certificates of obligations and amounts accrued for compensated absences.

Statement of Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Other Assets	\$ 9,488,778	\$ 13,492,452	\$ 2,063,568	\$ 1,837,297	\$ 11,552,346	\$ 15,329,749
Capital Assets	<u>10,721,441</u>	<u>5,351,895</u>	<u>9,195,502</u>	<u>9,361,526</u>	<u>19,916,943</u>	<u>14,713,421</u>
TOTAL ASSETS	<u>20,210,219</u>	<u>18,844,347</u>	<u>11,259,070</u>	<u>11,198,823</u>	<u>31,469,289</u>	<u>30,043,170</u>
Long-Term Liabilities	8,926,864	9,284,052	1,617,663	1,716,384	10,544,527	11,000,436
Other Liabilities	<u>2,354,499</u>	<u>1,052,379</u>	<u>263,381</u>	<u>262,380</u>	<u>2,617,880</u>	<u>1,314,759</u>
TOTAL LIABILITIES	<u>11,281,363</u>	<u>10,336,431</u>	<u>1,881,044</u>	<u>1,978,764</u>	<u>13,162,407</u>	<u>12,315,195</u>
Net Position						
Net Investment in Capital Assets	2,011,074	1,936,895	7,480,502	7,556,954	9,491,576	9,493,849
Restricted	780,392	614,782	-	-	780,392	614,782
Unrestricted	<u>6,137,390</u>	<u>5,956,239</u>	<u>1,897,524</u>	<u>1,663,105</u>	<u>8,034,914</u>	<u>7,619,344</u>
TOTAL NET POSITION	<u>\$ 8,928,856</u>	<u>\$ 8,507,916</u>	<u>\$ 9,378,026</u>	<u>\$ 9,220,059</u>	<u>\$ 18,306,882</u>	<u>\$ 17,727,975</u>

Statement of Activities

At September 30, 2014, the City ended with an overall increase in net position of \$683,050. This increase resulted in net position at September 30, 2014 of \$18,306,882. Property taxes account for approximately 52% of governmental activities revenues and increased in the current year due to increase property tax rates.

The net position increase in the business-type activities of \$168,395 was less than the increase in the prior year of \$672,658. The increase in 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	
	2014	2013	2014	2013	2014	2013
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 2,577,326	\$ 2,759,694	\$ 3,203,337	\$ 3,507,512	\$ 5,780,663	\$ 6,267,206
Operating Grants and Contributions	48,733	-	-	-	48,733	-
Capital Grants and Contributions	415,005	-	-	-	415,005	-
General Revenues						
Property Taxes	5,259,723	5,174,711	-	-	5,259,723	5,174,711
Sales Taxes	940,436	864,538	-	-	940,436	864,538
Franchise Taxes	664,170	567,829	-	-	664,170	567,829
Beverage Taxes	69,402	52,968	-	-	69,402	52,968
Unrestricted Investment Earnings	26,225	30,244	-	-	26,225	30,244
Miscellaneous	113,682	84,222	1,751	4,306	115,433	88,528
Total Revenues	<u>10,114,702</u>	<u>9,534,206</u>	<u>3,205,088</u>	<u>3,511,818</u>	<u>13,319,790</u>	<u>13,046,024</u>
<u>EXPENSES</u>						
General Government	1,549,460	1,480,953	-	-	1,549,460	1,480,953
Public Safety	5,344,641	4,886,648	-	-	5,344,641	4,886,648
Streets	1,267,014	1,548,142	-	-	1,267,014	1,548,142
Sanitation	704,509	676,655	-	-	704,509	676,655
Planning and Development	282,541	297,919	-	-	282,541	297,919
Parks and Recreation	248,282	247,616	-	-	248,282	247,616
Interest and Other Fees	263,262	321,589	-	-	263,262	321,589
Utility	-	-	2,977,031	2,782,642	2,977,031	2,782,642
Total Expenses	<u>9,659,709</u>	<u>9,459,522</u>	<u>2,977,031</u>	<u>2,782,642</u>	<u>12,636,740</u>	<u>12,242,164</u>
Increase (Decrease) in Net Position before Transfers	454,993	74,684	228,057	729,176	683,050	803,860
<u>TRANSFERS</u>	<u>59,662</u>	<u>56,518</u>	<u>(59,662)</u>	<u>(56,518)</u>	<u>-</u>	<u>-</u>
Change in Net Position	514,655	131,202	168,395	672,658	683,050	803,860
<u>NET POSITION - BEGINNING</u>	<u>8,507,916</u>	<u>8,376,714</u>	<u>9,220,059</u>	<u>8,547,401</u>	<u>17,727,975</u>	<u>16,924,115</u>
<u>RESTATEMENT OF BEGINNING</u>	<u>(93,715)</u>	<u>-</u>	<u>(10,428)</u>	<u>-</u>	<u>(104,143)</u>	<u>-</u>
<u>NET POSITION - BEGINNING AS RESTATED</u>	<u>8,414,201</u>	<u>8,376,714</u>	<u>9,209,631</u>	<u>8,547,401</u>	<u>17,623,832</u>	<u>16,924,115</u>
NET POSITION - ENDING	<u>\$ 8,928,856</u>	<u>\$ 8,507,916</u>	<u>\$ 9,378,026</u>	<u>\$ 9,220,059</u>	<u>\$ 18,306,882</u>	<u>\$ 17,727,975</u>

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, unreserved 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, the capital projects fund, and the streets maintenance 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 \$3,341,248 compared to \$3,142,289 in 2013, an increase of \$198,959. The fund balance reflects a point in time and the effect of the tax cycle. At the end of the current fiscal year, the fund balance in the capital projects fund was \$1,664,795 compared to \$7,366,126 in 2013, a decrease of \$5,701,331 due to capital outlay expenditures on the new city hall.

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 \$3,205,088 and expenses were \$2,906,320. This resulted in a \$168,395 increase in net position. Net position at year end was \$9,378,026.

General Fund Budgetary Highlights

The revision in the budget was amounts in Administration for capital outlay and commodities amendments for \$100,000 and transfers to other funds for the construction of city facilities.

Revenues were less than budget by \$161,916 and expenditures were under budget by \$194,650. The savings in expenditures are mainly attributable to unfilled vacancies and turnover in personnel, the majority of which are in police, fire, EMS and sanitation departments. Significant budgetary variances during the period ended September 30, 2014 included the following:

A majority of the revenue budget variance was attributed to two areas. Total tax had an unfavorable variance of \$271,111, a result of decrease in preliminary values received from the appraisal district in June. Franchise revenue had a favorable variance of \$124,170 due to an increase by in City Public Service fees for Alamo Heights. Budgeted revenues were anticipated to increase with economic conditions.

In public safety all three departments had favorable variances. The budget for police had an \$62,200 favorable variance. The police department accounted for one or two officer positions being open throughout the year. These positions were budgeted for the full year.

Fire and EMS had favorable variances of \$23,226 and \$65,951 respectively. Position vacancies and turnover accounted for these variances.

Turnover in Public Works areas of Sanitation, Parks and Recreation also had favorable variances of \$52,000 and \$56,380 respectively. Position vacancies and turnover accounted for these variances.

Capital Assets

At the end of 2014 and 2013, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) \$19,916,943 and \$14,713,421, 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 \$1,250,381 and \$354,724, respectively, for governmental and business-type activities. For more detail on capital assets, refer to Note 3D of the financial statements.

Schedule of Change in Capital Assets

CAPITAL ASSETS (Net of Depreciation)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,124,130	\$ 1,124,130	\$ -	\$ -	\$ 1,124,130	\$ 1,124,130
Construction in Progress	6,717,409	432,489	-	-	6,717,409	432,489
Buildings	1,063,516	1,388,189	-	-	1,063,516	1,388,189
Infrastructure	1,196,480	1,991,227	-	-	1,196,480	1,991,227
Improvements Other Than Buildings	123,338	128,460	-	-	123,338	128,460
Furniture, Fixtures, and Equipment	496,568	287,400	96,959	117,533	593,527	404,933
Utility System	-	-	9,098,543	9,243,993	9,098,543	9,243,993
TOTALS	<u>\$ 10,721,441</u>	<u>\$ 5,351,895</u>	<u>\$ 9,195,502</u>	<u>\$ 9,361,526</u>	<u>\$ 19,916,943</u>	<u>\$ 14,713,421</u>

Long-Term Debt

The City's long-term debt consists of tax and revenue certificates of obligation, a capital lease, and compensated absences.

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Certificates of Obligation	\$ 8,980,000	\$ 9,580,000	\$ 1,715,000	\$ 1,815,000	\$ 10,695,000	\$ 11,395,000
Capital Lease	323,894	-	-	-	323,894	-
Bond Premium	20,332	21,506	-	-	20,332	-
Compensated Absences	<u>370,841</u>	<u>354,809</u>	<u>9,654</u>	<u>17,303</u>	<u>380,495</u>	<u>381,766</u>
TOTAL DEBT	<u>\$ 9,695,067</u>	<u>\$ 9,956,315</u>	<u>\$ 1,724,654</u>	<u>\$ 1,832,303</u>	<u>\$ 11,419,721</u>	<u>\$ 11,776,766</u>

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

Economic Factors

The fiscal year 2014-15 adopted budget appropriations for the general, utility, capital projects, debt service, capital replacement, street maintenance and special revenue funds is \$15,255,333. This amount includes \$1,196,237 in capital projects expenditures.

The competition for trained public safety personnel continues to pull on many of the small communities in our area. Skilled labor and CDL drivers in the public works area are lured by the promise of higher wages from the Eagle Ford Shale companies.

Additional information about the economic condition and outlook can be found in the transmittal letter at the beginning of this report.

Request for Information

This comprehensive annual 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 Cynthia Barr, Director of Finance, 6116 Broadway, San Antonio, Texas, 78209.

BASIC FINANCIAL STATEMENTS

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,206,982	\$ -	\$ 8,206,982
Investments	202,867	1,608,826	1,811,693
Receivables - Net of Allowances for Uncollectibles:			
Taxes	163,361	-	163,361
Accounts	827,905	410,739	1,238,644
Prepays	87,663	-	87,663
Restricted Assets:			
Cash and Cash Equivalents	-	44,003	44,003
Capital Assets not being Depreciated			
Land	1,124,130	-	1,124,130
Construction in Progress	6,717,409	-	6,717,409
Capital Assets - Net of Accumulated Depreciation			
Buildings	1,063,516	-	1,063,516
Infrastructure	1,196,480	-	1,196,480
Improvements Other than Buildings	123,338	-	123,338
Utility System	-	9,098,543	9,098,543
Furniture, Fixtures, and Equipment	496,568	96,959	593,527
 TOTAL ASSETS	 <u>\$ 20,210,219</u>	 <u>\$ 11,259,070</u>	 <u>\$ 31,469,289</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,297,350	\$ 64,969	\$ 1,362,319
Other Payables	-	20,545	20,545
Accrued Payroll	218,827	18,319	237,146
Due to Other Governments	3,791	-	3,791
Accrued Interest	66,328	8,554	74,882
Payable from Restricted Assets:			
Customer Deposits	-	44,003	44,003
Long-Term Liabilities			
Short-Term Portion	768,203	106,991	875,194
Long-Term Portion	8,926,864	1,617,663	10,544,527
Total Liabilities	<u>11,281,363</u>	<u>1,881,044</u>	<u>13,162,407</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,011,074	7,480,502	9,491,576
Restricted for:			
Police	31,083	-	31,083
Court Security	121,374	-	121,374
Community Programs	101,110	-	101,110
Police Training	32,739	-	32,739
Court Technology	19,732	-	19,732
Comprehensive Plan	17,136	-	17,136
Street Maintenance	284,795	-	284,795
TNR Foster	5,834	-	5,834
Debt Service	166,589	-	166,589
Unrestricted	6,137,390	1,897,524	8,034,914
Total Net Position	<u>8,928,856</u>	<u>9,378,026</u>	<u>18,306,882</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 20,210,219</u>	 <u>\$ 11,259,070</u>	 <u>\$ 31,469,289</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities							
General Government	\$ 1,549,460	\$ 905,045	\$ 46,732	\$ -	\$ (597,683)	\$ -	\$ (597,683)
Public Safety	5,344,641	672,670	2,001	179,061	(4,490,909)	-	(4,490,909)
Streets	1,267,014	-	-	235,109	(1,031,905)	-	(1,031,905)
Sanitation	704,509	390,448	-	-	(314,061)	-	(314,061)
Planning and Development	282,541	609,163	-	-	326,622	-	326,622
Parks and Recreation	248,282	-	-	835	(247,447)	-	(247,447)
Interest and Other Fees	<u>263,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(263,262)</u>	<u>-</u>	<u>(263,262)</u>
Total Governmental Activities	9,659,709	2,577,326	48,733	415,005	(6,618,645)	-	(6,618,645)
Business-Type Activities							
Utility	<u>2,977,031</u>	<u>3,203,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,306</u>	<u>226,306</u>
TOTAL GOVERNMENT	<u>\$ 12,636,740</u>	<u>\$ 5,780,663</u>	<u>\$ 48,733</u>	<u>\$ 415,005</u>	<u>(6,618,645)</u>	<u>226,306</u>	<u>(6,392,339)</u>
General Revenues							
Taxes:							
Property Taxes					5,259,723	-	5,259,723
Sales Taxes					940,436	-	940,436
Franchise Taxes					664,170	-	664,170
Beverage Taxes					69,402	-	69,402
Unrestricted Investment Earnings					26,225	-	26,225
Miscellaneous					113,682	1,751	115,433
Transfers					<u>59,662</u>	<u>(59,662)</u>	<u>-</u>
Total General Revenues and Transfers					<u>7,133,300</u>	<u>(57,911)</u>	<u>7,075,389</u>
Change in Net Position					514,655	168,395	683,050
NET POSITION AT BEGINNING OF YEAR					8,507,916	9,220,059	17,727,975
RESTATEMENT OF NET POSITION					<u>(93,715)</u>	<u>(10,428)</u>	<u>(104,143)</u>
NET POSITION AT BEGINNING OF YEAR AS RESTATED					<u>8,414,201</u>	<u>9,209,631</u>	<u>17,623,832</u>
NET POSITION AT END OF YEAR					\$ 8,928,856	\$ 9,378,026	\$ 18,306,882

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	GENERAL FUND	CAPITAL PROJECTS FUND	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 3,474,533	\$ 2,711,474	\$ 1,051,530	\$ 969,445	\$ 8,206,982
Investments	202,867	-	-	-	202,867
Receivables - Net of Allowances for Uncollectibles					
Taxes, Net	140,332	-	-	23,029	163,361
Accounts	810,742	-	17,163	-	827,905
Prepays	87,663	-	-	-	87,663
TOTAL ASSETS	<u>\$ 4,716,137</u>	<u>\$ 2,711,474</u>	<u>\$ 1,068,693</u>	<u>\$ 992,474</u>	<u>\$ 9,488,778</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 222,043	\$ 1,046,679	\$ 18,898	\$ 9,730	\$ 1,297,350
Accrued Liabilities	218,827	-	-	-	218,827
Due to Other Governments	79,682	-	-	-	79,682
Total Liabilities	<u>520,552</u>	<u>1,046,679</u>	<u>18,898</u>	<u>9,730</u>	<u>1,595,859</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenues - Taxes	140,332	-	-	23,029	163,361
Unearned Revenues - Warrants	626,342	-	-	-	626,342
Total Deferred Inflows of Resources	<u>766,674</u>	<u>-</u>	<u>-</u>	<u>23,029</u>	<u>789,703</u>
<u>FUND BALANCES</u>					
Non-Spendable - Prepays	87,663	-	-	-	87,663
Restricted for:					
Confiscated Property	-	-	-	31,083	31,083
Court Security	-	-	-	121,374	121,374
Community Programs	-	-	-	101,110	101,110
Police Training	-	-	-	32,739	32,739
Court Technology	-	-	-	19,732	19,732
Comprehensive Plan	-	-	-	17,136	17,136
Street Maintenance	-	-	284,795	-	284,795
TNR Foster	-	-	-	5,834	5,834
Debt Service	-	-	-	166,589	166,589
Capital Projects	-	613,859	-	-	613,859
Committed for:					
Capital Replacement	-	-	-	440,692	440,692
Street Maintenance	-	-	765,000	-	765,000
Comprehensive Plan	-	-	-	20,000	20,000
Assigned					
Capital Projects - CIED	-	1,050,936	-	-	1,050,936
Unassigned	3,341,248	-	-	3,426	3,344,674
Total Fund Balances	<u>3,428,911</u>	<u>1,664,795</u>	<u>1,049,795</u>	<u>959,715</u>	<u>7,103,216</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,716,137</u>	<u>\$ 2,711,474</u>	<u>\$ 1,068,693</u>	<u>\$ 992,474</u>	<u>\$ 9,488,778</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
RECONCILIATION OF BALANCE SHEET –
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

<u>TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS</u>	\$ 7,103,216
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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.	10,721,441
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	789,703
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Accrued vacation leave payable is not due and payable in the current period and, therefore not reported in the funds.	(294,950)
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Long-term liabilities, which includes certificates of obligation payable, are not due and payable in the current period and, therefore, not reported in the funds.	(9,324,226)
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Accrued interest payable on certificates of obligation are not due and payable in the current period and, therefore, not reported in the funds.	<u>(66,328)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 8,928,856</u>
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(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, 2014

	GENERAL FUND	CAPITAL PROJECTS FUND	STREET MAINTENANCE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>					
Taxes	\$ 6,027,209	\$ -	\$ -	\$ 847,913	\$ 6,875,122
Licenses and Permits	609,163	-	-	-	609,163
Intergovernmental	426,856	-	235,109	238,178	900,143
Charges for Services	1,186,961	-	-	-	1,186,961
Fines	223,269	-	-	6,310	229,579
Investment Earnings	10,644	15,581	-	-	26,225
Miscellaneous	79,388	-	-	9,898	89,286
Total Revenues	<u>8,563,490</u>	<u>15,581</u>	<u>235,109</u>	<u>1,102,299</u>	<u>9,916,479</u>
<u>EXPENDITURES</u>					
General Government	1,474,322	-	-	27,715	1,502,037
Public Safety	4,817,886	-	-	27,020	4,844,906
Streets	381,888	-	-	-	381,888
Sanitation	653,466	-	-	-	653,466
Planning and Development	282,007	-	-	534	282,541
Parks and Recreation	237,043	-	-	-	237,043
Capital Outlay	456,360	5,924,920	41,919	487,968	6,911,167
Debt Service					
Principal	-	-	-	600,000	600,000
Interest and Fiscal Charges	-	-	-	268,014	268,014
Bond Issue Cost	-	-	-	-	-
Total Expenditures	<u>8,302,972</u>	<u>5,924,920</u>	<u>41,919</u>	<u>1,411,251</u>	<u>15,681,062</u>
Excess of Revenues Over Expenditures	<u>260,518</u>	<u>(5,909,339)</u>	<u>193,190</u>	<u>(308,952)</u>	<u>(5,764,583)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds From the Capital Lease	360,000	-	-	-	360,000
Proceeds From Insurance Settlement	56,241	-	-	-	56,241
Transfer Out	(536,008)	-	-	-	(536,008)
Transfer In	59,662	208,008	200,000	128,000	595,670
Total Other Financing Sources (Uses)	<u>(60,105)</u>	<u>208,008</u>	<u>200,000</u>	<u>128,000</u>	<u>475,903</u>
Net Change in Fund Balances	200,413	(5,701,331)	393,190	(180,952)	(5,288,680)
<u>FUND BALANCES - BEGINNING</u>	<u>3,228,498</u>	<u>7,366,126</u>	<u>656,605</u>	<u>1,140,667</u>	<u>12,391,896</u>
FUND BALANCES - ENDING	<u>\$ 3,428,911</u>	<u>\$ 1,664,795</u>	<u>\$ 1,049,795</u>	<u>\$ 959,715</u>	<u>\$ 7,103,216</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
RECONCILIATION OF CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS TO
CHANGE IN NET POSITION – GOVERNMENTAL ACTIVITIES
SEPTEMBER 30, 2014

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ (5,288,680)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$6,911,167) exceeded depreciation expense (\$1,250,381). 5,660,786

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 163,929

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 636,106

Capital lease proceeds in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (360,000)

The amortization of bond premium not reported in the funds. 1,174

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. (298,660)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 514,655

(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

ASSETS

CURRENT ASSETS

Investments	\$ 1,608,826
Receivables - Net of Allowance for Uncollectibles	410,739
Restricted Cash and Cash Equivalents:	
Customer Deposits - Restricted	<u>44,003</u>
Total Current Assets	<u>2,063,568</u>

NONCURRENT ASSETS

Capital Assets:	
Utility System	13,053,678
Furniture, Fixtures, and Equipment	<u>514,310</u>
Totals	13,567,988
Less: Accumulated Depreciation	<u>(4,372,486)</u>
Total Capital Assets - Net of Accumulated Depreciation	<u>9,195,502</u>
 Total Noncurrent Assets	 <u>9,195,502</u>
 TOTAL ASSETS	 <u>\$ 11,259,070</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 64,969
Other Payables	20,545
Accrued Payroll	18,319
Customer Deposits Payable - Restricted	44,003
Accrued Interest Payable	8,554
Compensated Absences	1,991
Bonds Payable within One Year	<u>105,000</u>
Total Current Liabilities	263,381

NONCURRENT LIABILITIES

Compensated Absences	7,663
Bonds Payable after One Year	<u>1,610,000</u>
Total Noncurrent Liabilities	1,617,663
 Total Liabilities	 <u>1,881,044</u>

NET POSITION

Net Investment in Capital Assets	7,480,502
Unrestricted	<u>1,897,524</u>
Total Net Position	<u>9,378,026</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>\$ 11,259,070</u>

(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, 2014

OPERATING REVENUES

Charges for Services	\$ 3,203,337
Miscellaneous Revenues	<u>1,751</u>
Total Operating Revenues	<u>3,205,088</u>

OPERATING EXPENSES

Costs of Sales and Services	2,540,864
Administration	10,732
Depreciation	<u>354,724</u>
Total Operating Expenses	<u>2,906,320</u>
Operating Income	<u>298,768</u>

NONOPERATING REVENUES (EXPENSES)

Interest Expense	<u>(70,711)</u>
Total Nonoperating Revenues (Expenses)	<u>(70,711)</u>
Income before Transfers	228,057

TRANSFER OUT

	<u>(59,662)</u>
Change in Net Position	168,395

NET POSITION - BEGINNING

9,220,059

RESTATEMENT OF NET POSITION

(10,428)

NET POSITION - BEGINNING AS RESTATED

9,209,631

TOTAL NET POSITION - ENDING

\$ 9,378,026

(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, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 3,291,577
Cash Paid to Suppliers	(2,106,576)
Cash Paid to Employees	<u>(443,469)</u>
Net Cash Provided by Operating Activities	<u>741,532</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Paid to Other Funds	<u>(59,662)</u>
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CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Purchase of Capital Assets	(188,700)
Payment of Interest on Debt	(72,132)
Payments on Debt	<u>(100,000)</u>
Net Cash Used in Financing Activities	<u>(360,832)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	<u>(318,888)</u>
Net Cash Used In Investing Activities	<u>(318,888)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,150

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

41,853

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 44,003

RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income	\$ 298,768
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	354,724
Decrease in Accounts Receivable	84,339
Decrease in Accounts Payable	(10,734)
Increase in Compensated Absences	7,924
Increase in Accrued Payroll	4,361
Increase in Customer Deposits Payable	<u>2,150</u>
Total Adjustments	<u>442,764</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 741,532

(The Accompanying Notes are an Integral Part of these Financial Statements)

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NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 intergovernmental 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.

B. 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. 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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 capital 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 the City incurs an expenditure or expense for which both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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.

Capital Projects Fund: The capital projects fund accounts for financial resources to be used for the acquisition and construction of major capital facilities and is principally financed by the sale of certificates of obligation.

Street Maintenance Fund: The streets maintenance fund accounts for the recurring maintenance of all City streets that is supported by a mixture of general fund dollars and the ¼ cent sales tax approved by the voters in November 2008.

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.

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 market values as quoted in *The Wall Street Journal* or a comparable nationally recognized publication to determine fair value.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

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

D. 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.

E. 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.

F. 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 the estimated fair market value at the date of donation. Capital 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. 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:

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (Continued)

<u>ASSET</u>	<u>YEARS</u>
Buildings	40 Years
Improvements Other than Buildings	40 Years
Infrastructure	40 Years
Furniture, Fixtures, and Equipment	3-10 Years
Utility System	40 Years

G. 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:

1-10 Years	2 Weeks
10-20 Years	3 Weeks
Over 20 Years	4 Weeks

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.

H. 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.

I. Deferred Inflows/Outflows of Resources

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The City does not have any transaction that qualifies for reporting in this category.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and warrants. The amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. 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.

L. Change in Accounting Policy

During the year, the City adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.

GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 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.

NOTE 3: DETAILED NOTES FOR ALL FUNDS

A. Deposits and Investments

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 market 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 \$8,250,985 and the bank balance was \$8,332,509. The deposits were fully collateralized by securities pledged in the name of the City. The City maintains \$4,570 of cash-on-hand at September 30, 2014.

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.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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 market 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 market 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.

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. 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, 2014 for each investment:

DESCRIPTION	INVESTMENT POLICY MINIMUM RATING	INVESTMENT RATING	RATING ORGANIZATION	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
Certificate of Deposit	AAA	AAA	Standard & Poor's	\$ 252,010	0.09
TexPool	AAA	AAAM	Standard & Poor's	2,250	-
Lonestar Liquidity Fund	AAA	AAA	Standard & Poor's	1,021,278	-
Logic	AAA	AAA	Standard & Poor's	505,817	-
TexStar	AAA	AAAM	Standard & Poor's	<u>30,338</u>	-
TOTAL INVESTMENTS				<u>\$1,811,693</u>	

Portfolio Weighted Average Maturity

-

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.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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	90 Days
No-Load Money Market Mutual Funds	90 Days

B. Receivables

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

	<u>TAXES</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE TAXES</u>	<u>NET TAXES</u>	<u>WARRANTS AND OTHER</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE WARRANTS</u>	<u>NET WARRANTS AND OTHER</u>
General Fund	\$156,006	\$ (15,674)	\$140,332	\$1,437,084	\$ (626,342)	\$ 810,742
Street Maintenance	-	-	-	17,163	-	17,163
Other Funds	<u>23,029</u>	<u>-</u>	<u>23,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$179,035</u>	<u>\$ (15,674)</u>	<u>\$163,361</u>	<u>\$1,454,247</u>	<u>\$ (626,342)</u>	<u>\$ 827,905</u>

C. 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, 2013, upon which the 2014 fiscal year levy was based, is \$1,428,507,775. Tax collections during the year ended September 30, 2014, for the 2013 tax levy, were 99.35% 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 \$0.390262 per \$100 of assessed valuation.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	BALANCE AT OCTOBER 1, 2013	INCREASES	DECREASES	BALANCE AT SEPTEMBER 30, 2014
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,124,130	\$ -	\$ -	\$ 1,124,130
Construction in Progress	432,489	6,284,920	-	6,717,409
Total Capital Assets not being Depreciated	1,556,619	6,284,920	-	7,841,539
Capital Assets being Depreciated				
Buildings	2,254,873	-	(896,825)	1,358,048
Infrastructure	8,943,500	56,919	-	9,000,419
Improvements Other than Buildings	183,300	6,704	-	190,004
Furniture, Fixtures, and Equipment	4,363,854	562,624	(56,243)	4,870,235
Total Capital Assets being Depreciated	15,745,527	626,247	(953,068)	15,418,706
Less Accumulated Depreciation for:				
Buildings	(866,684)	(33,433)	605,585	(294,532)
Infrastructure	(6,952,273)	(851,666)	-	(7,803,939)
Improvements Other than Buildings	(54,840)	(11,826)	-	(66,666)
Furniture, Fixtures, and Equipment	(4,076,454)	(353,456)	56,243	(4,373,667)
Total Accumulated Depreciation	(11,950,251)	(1,250,381)	661,828	(12,538,804)
Total Capital Assets being Depreciated - Net	3,795,276	(624,134)	(291,240)	2,879,902
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 5,351,895</u>	<u>\$ 5,660,786</u>	<u>\$ (291,240)</u>	<u>\$ 10,721,441</u>
<u>Business-Type Activities</u>				
Capital Assets being Depreciated				
Utility System	12,891,178	162,500	-	13,053,678
Furniture, Fixtures, and Equipment	488,110	26,200	-	514,310
Total Capital Assets being Depreciated	13,379,288	188,700	-	13,567,988
Less Accumulated Depreciation for:				
Utility System	(3,647,185)	(307,950)	-	(3,955,135)
Furniture, Fixtures, and Equipment	(370,577)	(46,774)	-	(417,351)
Total Accumulated Depreciation	(4,017,762)	(354,724)	-	(4,372,486)
Total Capital Assets being Depreciated - Net	9,361,526	(166,024)	-	9,195,502
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 9,361,526</u>	<u>\$ (166,024)</u>	<u>\$ -</u>	<u>\$ 9,195,502</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

Governmental Activities

General Government	\$ 83,529
Public Safety	219,444
Streets	885,126
Sanitation	51,043
Parks and Recreation	<u>11,239</u>

TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,250,381</u>
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Business-Type Activities

Utility	<u>\$ 354,724</u>
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TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 354,724</u>
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E. Interfund Transfers

<u>Transfer Out</u>	<u>TRANSFER IN</u>				<u>TOTALS</u>
	<u>GENERAL FUND</u>	<u>STREET MAINTENANCE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	
General Fund	\$ -	\$ 200,000	\$ 208,008	\$ 128,000	\$ 536,008
Utility Fund	<u>59,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,662</u>
TOTALS	<u>\$ 59,662</u>	<u>\$ 200,000</u>	<u>\$ 208,008</u>	<u>\$ 128,000</u>	<u>\$ 595,670</u>

Interfund transfers are the result of funding for Capital Replacement Fund (\$128,000), Street Maintenance Fund (\$200,000), and Capital Projects Fund (\$208,008). The Utility Fund reimbursed the General Fund for administration (\$59,662)

F. Long-Term Debt

In fiscal year 2008 the City issued combination tax and revenue bonds in both the governmental and business-type activities to acquire, construct and/or equip the following projects: (i) acquire a new firefighting and rescue apparatus; (ii) make repairs, extensions and improvements to the City's water system; (iii) make repairs, extensions and improvements to the City's sanitary sewer system (iv) construct street and sidewalk improvements (and related pedestrian amenities); (v) fund a storm water drainage master plan; (vi) repair, modify and renovate various City facilities, and (vii) pay professional services related to such projects and pay costs of issuance, acquisition and construction of capital projects. In 2012, the City issued general obligation bonds for construction of administration and public safety facilities.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

The City had the following changes in long-term debt outstanding for the year ended September 30, 2014:

	ORIGINAL AMOUNT	INTEREST RATES	OUTSTANDING OCTOBER 1, 2013	ISSUED	RETIRED	BALANCE SEPTEMBER 30, 2014	AMOUNTS DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>							
Combination Tax and Revenue Bonds CO's Series 2007	\$ 5,165,000	3.99%	\$ 3,415,000	\$ -	\$ (405,000)	\$ 3,010,000	\$ 435,000
General Obligations, Bonds Series 2012	\$ 6,300,000	2-2.625%	6,165,000	-	(195,000)	5,970,000	190,000
Bond Premium, Net			21,506	-	(1,174)	20,332	1,174
Compensated Absences			354,809	87,121	(71,089)	370,841	75,891
Capital Lease	360,000	2.1%	-	360,000	(36,106)	323,894	66,138
Total Governmental Activities			<u>9,956,315</u>	<u>447,121</u>	<u>(708,369)</u>	<u>9,695,067</u>	<u>768,203</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Combination Tax and Revenue Bonds CO's Series 2007	2,335,000	3.99	1,815,000	-	(100,000)	1,715,000	105,000
Compensated Absences			<u>1,730</u>	<u>7,578</u>	<u>(346)</u>	<u>9,654</u>	<u>1,991</u>
Total Business-type Activities			<u>1,816,730</u>	<u>7,578</u>	<u>(100,346)</u>	<u>1,724,654</u>	<u>106,991</u>
TOTAL PRIMARY							

Annual debt service requirements as of September 30, 2014, for revenue bonds are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2015	\$ 625,000	\$ 248,493	\$ 873,493	\$ 105,000	\$ 68,429	\$ 173,429
2016	645,000	227,336	872,336	105,000	64,239	169,239
2017	665,000	205,083	870,083	110,000	60,050	170,050
2018	690,000	182,032	872,032	115,000	55,661	170,661
2019	715,000	157,984	872,984	120,000	51,072	171,072
2020-2024	2,220,000	517,113	2,737,113	680,000	179,550	859,550
2025-2029	2,050,000	305,419	2,355,419	480,000	38,703	518,703
2030-2032	<u>1,370,000</u>	<u>70,331</u>	<u>1,440,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS	<u>\$ 8,980,000</u>	<u>\$ 1,913,791</u>	<u>\$ 10,893,791</u>	<u>\$ 1,715,000</u>	<u>\$ 517,704</u>	<u>\$ 2,232,704</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Annual debt service requirements as of September 30, 2014, for capital leases are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2015	\$ 87,954	\$ 4,296	\$ 92,250
2016	89,817	4,093	93,910
2017	91,723	2,189	93,912
2018	<u>54,400</u>	<u>382</u>	<u>54,782</u>
TOTALS	\$ 323,894	\$ 10,960	\$ 334,854

The compensated absences attributable to the governmental activities will be liquidated primarily by the general fund.

NOTE 4: OTHER INFORMATION

A. 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.

B. Commitments and Contingent Liabilities

The City has entered into construction and engineering contracts for a New City Hall Facility. Estimated future commitments associated with these contracts as of September 30, 2014 are as follows:

<u>COMMITMENT</u>	<u>ESTIMATED PROJECT COST TO CITY</u>	<u>EXPENDED TO DATE</u>	<u>ESTIMATED FUTURE COMMITMENT</u>
City Hall Facility	<u>\$ 6,782,650</u>	<u>\$5,803,152</u>	<u>\$ 979,498</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4: OTHER INFORMATION (CONTINUED)

C. Retirement System

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

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

	<u>Plan Year 2014</u>	<u>Plan Year 2013</u>
Employee Deposit Rate	6%	6%
Matching Ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service Retirement eligibility (Expressed as Age/Years of Service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4: OTHER INFORMATION (CONTINUED)

C. Retirement System (Continued)

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

<u>ACCOUNTING PERIOD ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTION</u>	<u>NET PENSION OBLIGATION</u>
September 30, 2013	\$747,341	100%	\$-
September 30, 2012	760,900	100	-
September 30, 2011	846,049	100	-

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.1 years; closed period	25.1 years; closed period	30.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4: OTHER INFORMATION (CONTINUED)

C. Retirement System (Continued)

Funded Status and Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Funded Ratio (a/b)	Unfunded AAL (UAAL) (b -a)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$14,271,829	\$ 20,684,862	69.0%	\$6,413,033	\$4,560,794	140.6%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Other Postemployment Benefit

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

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

Contributions

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

The city's contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$8,935, \$8,365, and \$8,199, respectively, which equaled the required contributions each year.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE 4: OTHER INFORMATION (CONTINUED)

D. Conduit Debt

On May 17, 2000, the City Council of the City passed and approved authorization for the creation of the "City of Alamo Heights, Texas Higher Education Facilities Corporation," to act for and on behalf of the City as its duly constituted authority and instrumentality to exercise the powers granted under the provisions of Sections 53.33 and 53.35(b) of the Texas Education Code (TEC). The corporation is a nonprofit corporation organized solely and exclusively for the purpose of aiding nonprofit educational institutions in providing educational, housing facilities which are incidental, subordinate, or related thereto or appropriate in connection therewith in accordance with and subject to the provisions of TEC.

The City received a one-time fee of \$65,000 in July 2000 from the University of the Incarnate Word relating to the issuance of obligations designated as "City of Alamo Heights, Texas Higher Education Facilities Corporation Variable Rate Demand Education Tax-Exempt and Taxable Revenue and Refunding Bonds (University of the Incarnate Word Project) Series 1999". On July 13, 1999 Revenue and Refunding Bonds (University of the Incarnate Word Project), Series 1999-A in the amounts of \$15,075,000 were issued. The obligations issued by the corporation do not constitute a debt of the City, or a pledge of its faith and credit, but, such obligations shall be payable solely as provided in TEC and, accordingly, have not been reported in the basic financial statements.

As of September 30, 2014, the principal amount payable of Revenue and Refunding Bonds outstanding Series 1999-A were \$7,505,000.

NOTE 5: RESTATEMENT OF NET POSITION

The adoption of GASB Statement No. 65 required a retroactive adjustment on the statement of activities to recognize the costs associated with bond issuances that were previously amortized using the straight line method over the life of the bonds. The adjustment to reduce net position in the governmental activities was \$93,715 and the reduction in the business-type activities was \$10,428.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUES</u>				
<u>Taxes</u>				
Property	\$ 4,596,907	4,596,907	\$ 4,325,796	\$ (271,111)
Sales	860,000	860,000	940,436	80,436
Beverage	53,000	53,000	69,402	16,402
Franchise	540,000	540,000	664,170	124,170
PUC Right of Way Fees	49,720	49,720	27,405	(22,315)
Total Taxes	<u>6,099,627</u>	<u>6,099,627</u>	<u>6,027,209</u>	<u>(72,418)</u>
<u>Licenses and Permits</u>				
Building	411,880	411,880	374,640	(37,240)
Electric	35,000	35,000	30,814	(4,186)
Liquor and Food	16,850	16,850	18,540	1,690
Planning and Zoning	25,000	25,000	16,025	(8,975)
Plumbing	35,000	35,000	31,476	(3,524)
Signs	6,500	6,500	3,865	(2,635)
Permits	111,200	111,200	100,933	(10,267)
Certificate of Occupancy	5,500	5,500	3,180	(2,320)
Other	19,450	19,450	29,690	10,240
Total Licenses and Permits	<u>666,380</u>	<u>666,380</u>	<u>609,163</u>	<u>(57,217)</u>
<u>Intergovernmental</u>				
Dispatch	228,355	228,355	213,321	(15,034)
EMS	217,840	217,840	213,535	(4,305)
Total Intergovernmental	<u>446,195</u>	<u>446,195</u>	<u>426,856</u>	<u>(19,339)</u>
<u>Charges for Services</u>				
EMS	215,000	215,000	239,504	24,504
Court	328,000	328,000	264,036	(63,964)
Garbage	367,920	367,920	390,448	22,528
Telecom Lease	262,514	262,514	292,973	30,459
Other	-	-	-	-
Total Charges for Services	<u>1,173,434</u>	<u>1,173,434</u>	<u>1,186,961</u>	<u>13,527</u>
<u>Fines</u>	<u>265,000</u>	<u>265,000</u>	<u>223,269</u>	<u>(41,731)</u>
<u>Investment Earnings</u>	<u>10,000</u>	<u>10,000</u>	<u>10,644</u>	<u>644</u>
<u>Miscellaneous</u>	<u>64,770</u>	<u>64,770</u>	<u>79,388</u>	<u>14,618</u>
Total Revenues	<u>8,725,406</u>	<u>8,725,406</u>	<u>8,563,490</u>	<u>(161,916)</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
SEPTEMBER 30, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES				
General Government				
Public Works Administration				
Personnel	\$ 69,242	\$ 69,242	\$ 61,492	\$ 7,750
Commodities	93,500	93,500	129,409	(35,909)
Contractual	22,050	22,050	3,662	18,388
Total Public Works Administration	184,792	184,792	194,563	(9,771)
Court				
Personnel	117,287	117,287	104,817	12,470
Commodities	3,768	3,768	4,777	(1,009)
Contractual	64,100	64,100	39,962	24,138
Total Court	185,155	185,155	149,556	35,599
Administration				
Personnel	565,899	565,899	579,353	(13,454)
Commodities	162,565	212,565	184,081	28,484
Contractual	185,190	185,190	158,623	26,567
Capital Equipment	-	50,000	153,573	(103,573)
Total Administration	913,654	1,013,654	1,075,630	(61,976)
Information Systems				
Commodities	84,549	84,549	75,022	9,527
Contractual	154,098	154,098	133,124	20,974
Capital Equipment	-	-	81,360	(81,360)
Total Information Systems	238,647	238,647	289,506	(50,859)
Total General Government	1,522,248	1,622,248	1,709,255	(87,007)
Public Safety				
Police				
Personnel	1,844,331	1,844,331	1,746,246	98,085
Commodities	136,981	136,981	103,026	33,955
Contractual	50,624	50,624	44,249	6,375
Capital Equipment	-	-	76,215	(76,215)
Total Police	2,031,936	2,031,936	1,969,736	62,200
Police Dispatch				
Personnel	572,203	572,203	579,221	(7,018)
Commodities	7,262	7,262	2,471	4,791
Contractual	2,200	2,200	1,933	267
Total Police Dispatch	581,665	581,665	583,625	(1,960)

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
SEPTEMBER 30, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES (CONTINUED)				
Public Safety (Continued)				
Fire				
Personnel	\$ 1,718,885	\$ 1,718,885	\$ 1,598,435	\$ 120,450
Commodities	81,581	81,581	75,662	5,919
Contractual	30,650	30,650	28,554	2,096
Capital Equipment	-	-	105,239	(105,239)
Total Fire	1,831,116	1,831,116	1,807,890	23,226
EMS				
Personnel	620,796	620,796	564,615	56,181
Commodities	66,344	66,344	53,089	13,255
Contractual	16,900	16,900	20,385	(3,485)
Total EMS	704,040	704,040	638,089	65,951
Total Public Safety	5,148,757	5,148,757	4,999,340	149,417
Streets				
Personnel	210,309	210,309	215,924	(5,615)
Commodities	174,500	174,500	160,762	13,738
Contractual	3,000	3,000	5,202	(2,202)
Capital Equipment	30,000	30,000	39,973	(9,973)
Total Streets	417,809	417,809	421,861	(4,052)
Sanitation				
Personnel	477,066	477,066	421,215	55,851
Commodities	108,400	108,400	114,714	(6,314)
Contractual	120,000	120,000	117,537	2,463
Total Sanitation	705,466	705,466	653,466	52,000
Planning and Development				
Personnel	280,569	280,569	252,533	28,036
Commodities	13,400	13,400	9,527	3,873
Contractual	15,950	15,950	19,947	(3,997)

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>EXPENDITURES (CONTINUED)</u>				
<u>Parks and Recreation</u>				
Personnel	\$ 215,673	\$ 215,673	\$ 195,697	\$ 19,976
Commodities	42,500	42,500	22,367	20,133
Contractual	<u>35,250</u>	<u>35,250</u>	<u>18,979</u>	<u>16,271</u>
Total Parks and Recreation	<u>293,423</u>	<u>293,423</u>	<u>237,043</u>	<u>56,380</u>
Total Expenditures	<u>8,397,622</u>	<u>8,497,622</u>	<u>8,302,972</u>	<u>194,650</u>
Excess of Revenue Over Expenditures	327,784	227,784	260,518	32,734
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds From the Capital Lease	-	-	360,000	360,000
Proceeds From Insurance Settlement		-	56,241	56,241
Transfer Out	(600,000)	(696,007)	(536,008)	159,999
Transfer In	<u>59,662</u>	<u>59,662</u>	<u>59,662</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(540,338)</u>	<u>(636,345)</u>	<u>(60,105)</u>	<u>576,240</u>
Net Change in Fund Balance	<u>\$ (212,554)</u>	<u>\$ (408,561)</u>	200,413	<u>\$ 608,974</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>3,228,498</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 3,428,911</u>	
<u>SUMMARY OF GENERAL FUND</u>				
<u>EXPENDITURES BY COST CATEGORY</u>				
Personnel	\$ 6,692,260	\$ 6,692,260	\$ 6,319,548	\$ 372,712
Commodities	975,350	1,025,350	934,907	90,443
Contractual	700,012	700,012	592,157	107,855
Capital Equipment	<u>30,000</u>	<u>30,000</u>	<u>456,360</u>	<u>13,170</u>
TOTAL EXPENDITURES	<u>\$ 8,397,622</u>	<u>\$ 8,447,622</u>	<u>\$ 8,302,972</u>	<u>\$ 144,650</u>

CITY OF ALAMO HEIGHTS, TEXAS
STREET MAINTENANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Intergovernmental	\$ 202,280	\$ 202,280	\$ 235,109	\$ 32,829
<u>EXPENDITURES</u>				
Capital Outlay	<u>600,000</u>	<u>600,000</u>	<u>41,919</u>	<u>558,081</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(397,720)	(397,720)	193,190	590,910
<u>OTHER SOURCES (USES)</u>				
Transfer In	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (197,720)</u>	<u>\$ (197,720)</u>	393,190	<u>\$ 590,910</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>656,605</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 1,049,795</u>	

CITY OF ALAMO HEIGHTS, TEXAS
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2014

NOTE 1: BUDGETARY INFORMATION

The budget for the general fund and street maintenance are 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.

CITY OF ALAMO HEIGHTS, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SEPTEMBER 30, 2014

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ((b-a)/c)
12/31/2011	\$ 12,121,802	\$ 18,601,709	\$ 6,479,907	65.2%	\$ 4,605,250	140.70%
12/31/2012	13,157,016	19,080,410	5,923,394	69.0	4,919,806	120.40
12/31/2013	14,271,829	20,684,862	6,413,033	69.0	4,560,794	140.60

The Schedule of Funding Progress summarizes the actuarial value of the City's assets and actuarial liability as of December 31, 2013 and each of the two preceding calendar years. The data presented in the schedule was obtained from the independent actuary's annual valuation report for each year presented.

The schedule is presented to provide a consistent basis for measuring the annual progress of funding the actuarial liability in accordance with the actuarial funding method. The primary measure of funding progress is the funded ratio (i.e., actuarial value of assets expressed as a percentage of the actuarial accrued liability). An increase in the funded ratio indicates improvement in the ability to pay all projected benefits as they become due. The plan is fully funded if the funded ratio is greater than or equal to 100%. During the year ended December 31, 2013, the funded ratio remained at 69.0%.

The Schedule of Funding Progress also discloses the relationship between the covered payroll (i.e., all elements included in compensation paid to active members on which contributions are based) and the unfunded actuarial accrued liability. This relationship, expressed as a ratio, is a measure of the significance of the unfunded actuarial accrued liability relative to the capacity to pay all contributions required to fund the liability. During the year ended December 31, 2013, the ratio of the unfunded actuarial accrued liability to its covered payroll decreased from 120.40% to 140.60%.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>SPECIAL REVENUE</u>				
	<u>CONFISCATED</u>	<u>COURT</u>	<u>COMMUNITY</u>	<u>LEOSE</u>	<u>COURT</u>
	<u>PROPERTY</u>	<u>SECURITY</u>	<u>BENEFIT</u>	<u>EMPLOYEE</u>	<u>TECHNOLOGY</u>
				<u>CENTER</u>	
				<u>EDUCATION</u>	
<u>ASSETS</u>					
Cash	\$ 31,728	\$ 121,374	\$ 106,654	\$ 32,739	\$ 19,732
Investments	-	-	-	-	-
Receivables - Net of Allowances for Uncollectibles	-	-	-	-	-
TOTAL ASSETS	<u>\$ 31,728</u>	<u>\$ 121,374</u>	<u>\$ 106,654</u>	<u>\$ 32,739</u>	<u>\$ 19,732</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 645	\$ -	\$ 5,544	\$ -	\$ -
Due from Other Funds	-	-	-	-	-
Total Liabilities	<u>645</u>	<u>-</u>	<u>5,544</u>	<u>-</u>	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	-	-	-	-	-
<u>FUND BALANCES</u>					
Restricted for:					
Confiscated Property	31,083	-	-	-	-
Court Security	-	121,374	-	-	-
Community Programs	-	-	101,110	-	-
Police Training	-	-	-	32,739	-
Court Technology	-	-	-	-	19,732
Comprehensive Plan	-	-	-	-	-
TNR Foster	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed for:					
Capital Replacement	-	-	-	-	-
Comprehensive Plans	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>31,083</u>	<u>121,374</u>	<u>101,110</u>	<u>32,739</u>	<u>19,732</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,728</u>	<u>\$ 121,374</u>	<u>\$ 106,654</u>	<u>\$ 32,739</u>	<u>\$ 19,732</u>

FUNDS					
COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	TNR GRANT	CAPITAL REPLACEMENT	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 37,136	\$ 3,671	\$ 6,411	\$ 443,411	\$ 166,589	\$ 969,445
-	-	-	-	-	-
-	-	-	-	23,029	23,029
<u>\$ 37,136</u>	<u>\$ 3,671</u>	<u>\$ 6,411</u>	<u>\$ 443,411</u>	<u>\$ 189,618</u>	<u>\$ 992,474</u>
\$ -	\$ 245	\$ 577	\$ 2,719	\$ -	\$ 9,730
-	-	-	-	-	-
-	245	577	2,719	-	9,730
-	-	-	-	23,029	23,029
-	-	-	-	-	31,083
-	-	-	-	-	121,374
-	-	-	-	-	101,110
-	-	-	-	-	32,739
-	-	-	-	-	19,732
17,136	-	-	-	-	17,136
-	-	5,834	-	-	5,834
-	-	-	-	166,589	166,589
-	-	-	440,692	-	440,692
20,000	-	-	-	-	20,000
-	3,426	-	-	-	3,426
<u>37,136</u>	<u>3,426</u>	<u>5,834</u>	<u>440,692</u>	<u>166,589</u>	<u>959,715</u>
<u>\$ 37,136</u>	<u>\$ 3,671</u>	<u>\$ 6,411</u>	<u>\$ 443,411</u>	<u>\$ 189,618</u>	<u>\$ 992,474</u>

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	<u>SPECIAL REVENUE</u>				
	<u>CONFISCATED</u>	<u>COURT</u>	<u>COMMUNITY</u>	<u>LEOSE</u>	<u>COURT</u>
	<u>PROPERTY</u>	<u>SECURITY</u>	<u>BENEFIT</u>	<u>EMPLOYEE</u>	<u>TECHNOLOGY</u>
				<u>CENTER</u>	
				<u>EDUCATION</u>	
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	9,251	15,191	2,001	12,392
Property Forfeitures	6,310	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>6,310</u>	<u>9,251</u>	<u>15,191</u>	<u>2,001</u>	<u>12,392</u>
<u>EXPENDITURES</u>					
Current					
General Government	-	-	-	-	27,201
Public Safety	2,404	-	14,533	-	-
Planning and Development	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>2,404</u>	<u>-</u>	<u>14,533</u>	<u>-</u>	<u>27,201</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	3,906	9,251	658	2,001	(14,809)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer In	-	-	-	-	-
Net Change in Fund Balance	3,906	9,251	658	2,001	(14,809)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>27,177</u>	<u>112,123</u>	<u>100,452</u>	<u>30,738</u>	<u>34,541</u>
FUND BALANCES AT END OF YEAR	<u>\$ 31,083</u>	<u>\$ 121,374</u>	<u>\$ 101,110</u>	<u>\$ 32,739</u>	<u>\$ 19,732</u>

* \$198,508 of expenditures for radio and dispatch equipment was paid from a grant from the Department of Justice

FUNDS					
COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	TNR GRANT	CAPITAL REPLACEMENT	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 847,913	\$ 847,913
835	-	-	198,508	-	238,178
-	-	-	-	-	6,310
-	1,898	8,000	-	-	9,898
<u>835</u>	<u>1,898</u>	<u>8,000</u>	<u>198,508</u>	<u>847,913</u>	<u>1,102,299</u>
-	514	-	-	-	27,715
-	-	10,083	-	-	27,020
534	-	-	-	-	534
6,704	-	-	481,264 *	-	487,968
-	-	-	-	600,000	600,000
-	-	-	-	<u>268,014</u>	<u>268,014</u>
<u>7,238</u>	<u>514</u>	<u>10,083</u>	<u>481,264</u>	<u>868,014</u>	<u>1,411,251</u>
(6,403)	1,384	(2,083)	(282,756)	(20,101)	(308,952)
-	-	-	128,000	-	128,000
(6,403)	1,384	(2,083)	(154,756)	(20,101)	(180,952)
<u>43,539</u>	<u>2,042</u>	<u>7,917</u>	<u>595,448</u>	<u>186,690</u>	<u>1,140,667</u>
<u>\$ 37,136</u>	<u>\$ 3,426</u>	<u>\$ 5,834</u>	<u>\$ 440,692</u>	<u>\$ 166,589</u>	<u>\$ 959,715</u>

CITY OF ALAMO HEIGHTS, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Interest Income	\$ 15,000	\$ 15,000	\$ 15,581	\$ 581
<u>EXPENDITURES</u>				
Capital Outlay	<u>6,193,883</u>	<u>6,193,883</u>	<u>5,924,920</u>	<u>268,963</u>
Total Expenditures	<u>6,193,883</u>	<u>6,193,883</u>	<u>5,924,920</u>	<u>268,963</u>
Excess of Revenues Over Expenditures	<u>(6,178,883)</u>	<u>(6,178,883)</u>	<u>(5,909,339)</u>	<u>(268,382)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	<u>208,008</u>	<u>208,008</u>	<u>208,008</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>208,008</u>	<u>208,008</u>	<u>208,008</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (6,178,883)</u>	<u>\$ (6,178,883)</u>	<u>(5,701,331)</u>	<u>\$ (477,552)</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>7,366,126</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 1,664,795</u>	

CITY OF ALAMO HEIGHTS, TEXAS
 COMPREHENSIVE PLAN FUND
 SCHEDULE OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
 YEAR ENDED SEPTEMBER 30, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Intergovernmental	\$ -	\$ -	\$ 835	\$ 835
<u>EXPENDITURES</u>				
Planning and Development	34,035	34,035	534	33,501
Capital Outlay	<u>-</u>	<u>-</u>	<u>6,704</u>	<u>(6,704)</u>
Total Expenditures	34,035	34,035	7,238	26,797
Net Change in Fund Balance	<u>\$ (34,035)</u>	<u>\$ (34,035)</u>	(6,403)	<u>\$ 27,632</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>43,539</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 37,136</u>	

CITY OF ALAMO HEIGHTS, TEXAS
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 198,508	\$ 183,508
<u>EXPENDITURES</u>				
Capital Outlay	<u>410,789</u>	<u>410,789</u>	<u>481,264</u>	<u>(70,475)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(395,789)	(395,789)	(282,756)	113,033
<u>OTHER SOURCES (USES)</u>				
Sale of Assets	15,000	15,000	-	(15,000)
Transfer In	<u>128,000</u>	<u>128,000</u>	<u>128,000</u>	<u>-</u>
Total Other Sources (Uses)	<u>143,000</u>	<u>143,000</u>	<u>128,000</u>	<u>(15,000)</u>
Net Change in Fund Balance	<u>\$ (267,789)</u>	<u>\$ (267,789)</u>	(154,756)	<u>\$ 113,033</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			<u>595,448</u>	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 440,692</u>	

CITY OF ALAMO HEIGHTS, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUE</u>				
Property Taxes	\$ 757,840	\$ 757,840	\$ 847,913	\$ 90,073
<u>EXPENDITURES</u>				
Interest Expense	268,552	268,552	268,014	538
Principal Payment	600,000	600,000	600,000	-
Total Expenditures	868,552	868,552	868,014	538
Net Change in Fund Balance	<u>\$ (110,712)</u>	<u>\$ (110,712)</u>	(20,101)	<u>\$ 90,611</u>
<u>FUND BALANCE AT OCTOBER 1, 2013</u>			186,690	
FUND BALANCE AT SEPTEMBER 30, 2014			<u>\$ 166,589</u>	

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STATISTICAL SECTION

This part of the City of Alamo Heights comprehensive annual 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.

Contents

Tables

Financial Trends

1 through 4

These Tables contain trend information to help readers understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

5 through 8

These tables contain information to help readers assess the City's most significant local revenue source – its property tax.

Debt Capacity

9 through 11

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.

Demographic and Economic Information

12 through 13

These tables offer demographic and economic indicators to help readers understand the environment within which the City's financial activities take place.

Operating Information

14 through 16

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.

Except where noted, the information in these tables is derived from the City of Alamo Heights comprehensive annual 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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 2,011,074	\$ 1,936,895	\$ 1,638,290	\$ 2,407,064
Restricted	780,392	614,782	933,600	1,178,883
Unrestricted	<u>6,137,390</u>	<u>5,956,239</u>	<u>5,804,824</u>	<u>4,164,359</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 8,928,856</u>	<u>\$ 8,507,916</u>	<u>\$ 8,376,714</u>	<u>\$ 7,750,306</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 7,480,502	\$ 7,556,954	\$ 6,486,583	\$ 6,681,531
Unrestricted	<u>1,897,524</u>	<u>1,663,105</u>	<u>2,060,818</u>	<u>1,500,778</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 9,378,026</u>	<u>\$ 9,220,059</u>	<u>\$ 8,547,401</u>	<u>\$ 8,182,309</u>
<u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 9,491,576	\$ 9,493,849	\$ 8,124,873	\$ 9,088,595
Restricted	780,392	614,782	933,600	1,178,883
Unrestricted	<u>8,034,914</u>	<u>7,619,344</u>	<u>7,865,642</u>	<u>5,665,137</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 18,306,882</u>	<u>\$ 17,727,975</u>	<u>\$ 16,924,115</u>	<u>\$ 15,932,615</u>

NOTES

Less than ten (10) periods of data has been presented because this is the ninth period of implementation of GASB 34. The information will be presented on a prospective basis.

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

TABLE 1

<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
\$ 3,481,430	\$ 3,604,383	\$ 3,265,610	\$ 2,371,777	\$ 2,317,526
931,360	420,904	298,387	190,821	96,322
<u>3,227,995</u>	<u>3,827,936</u>	<u>3,953,814</u>	<u>5,607,907</u>	<u>5,194,449</u>
<u>\$ 7,640,785</u>	<u>\$ 7,853,223</u>	<u>\$ 7,517,811</u>	<u>\$ 8,170,505</u>	<u>\$ 7,608,297</u>
\$ 4,994,611	\$ 1,908,911	\$ 2,770,279	\$ 2,566,168	\$ 2,439,771
<u>2,125,210</u>	<u>4,701,799</u>	<u>2,448,708</u>	<u>1,323,013</u>	<u>1,011,660</u>
<u>\$ 7,119,821</u>	<u>\$ 6,610,710</u>	<u>\$ 5,219,087</u>	<u>\$ 3,889,181</u>	<u>\$ 3,451,431</u>
\$ 8,476,041	\$ 5,513,294	\$ 4,961,589	\$ 4,937,945	\$ 4,757,297
931,360	420,904	298,387	190,821	96,322
<u>5,353,205</u>	<u>8,529,735</u>	<u>7,476,922</u>	<u>6,930,920</u>	<u>6,206,109</u>
<u>\$ 14,760,606</u>	<u>\$ 14,463,933</u>	<u>\$ 12,736,898</u>	<u>\$ 12,059,686</u>	<u>\$ 11,059,728</u>

CITY OF ALAMO HEIGHTS, TEXAS
CHANGE IN NET POSITION
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,549,460	\$ 1,480,953	\$ 1,600,557	\$ 1,583,220
Public Safety	5,344,641	4,886,648	4,944,862	4,948,153
Streets	1,267,014	1,548,142	1,420,341	1,391,017
Sanitation	704,509	676,655	645,802	706,945
Planning and Development	282,541	297,919	301,920	291,935
Parks and Recreation	248,282	247,616	277,653	266,450
Interest on Debt	<u>263,262</u>	<u>321,589</u>	<u>245,713</u>	<u>177,687</u>
Total Governmental Activities	<u>9,659,709</u>	<u>9,459,522</u>	<u>9,436,848</u>	<u>9,365,407</u>
<u>Business-Type Activities</u>				
Utility	2,977,031	2,782,642	2,846,898	2,470,981
Swimming Pool	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>2,977,031</u>	<u>2,782,642</u>	<u>2,846,898</u>	<u>2,470,981</u>
Total Primary Government Expenses	<u>12,636,740</u>	<u>12,242,164</u>	<u>12,283,746</u>	<u>11,836,388</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	905,045	1,524,322	1,500,258	1,494,897
Public Safety	672,670	614,482	667,720	743,118
Streets	-	216,597	209,469	197,883
Sanitation	390,448	358,913	337,969	341,803
Planning and Development	609,163	-	-	-
Parks and Recreation	-	45,380	36,040	31,043
Capital Grants and Contributions				
General Government	415,005	-	-	-
Operating Grants and Contributions				
General Government	<u>48,733</u>	<u>-</u>	<u>1,050,935</u>	<u>-</u>
Total Governmental Activities Program Revenues	<u>3,041,064</u>	<u>2,759,694</u>	<u>3,802,391</u>	<u>2,808,744</u>
<u>Business-Type Activities</u>				
Charges for Service				
Utility	3,203,337	3,507,512	3,269,362	3,579,509
Swimming Pool	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities Program Revenues	<u>3,203,337</u>	<u>3,507,512</u>	<u>3,269,362</u>	<u>3,579,509</u>
Total Primary Government				

TABLE 2

2010	2009	2008*	2007	2006
\$ 1,661,420	\$ 1,569,197	\$ 2,176,707	\$ 1,358,952	\$ 1,495,944
4,815,094	4,775,274	6,226,320	3,922,178	4,036,564
894,256	750,487	801,052	434,835	301,233
699,345	726,426	1,152,448	673,018	855,816
374,318	441,920	420,485	186,315	5,341
267,245	237,581	310,268	167,646	187,882
<u>188,369</u>	<u>198,440</u>	<u>209,454</u>	<u>17,296</u>	<u>10,491</u>
<u>8,900,047</u>	<u>8,699,325</u>	<u>11,296,734</u>	<u>6,760,240</u>	<u>6,893,271</u>
2,452,045	2,221,235	3,285,496	2,213,837	1,627,247
<u>-</u>	<u>-</u>	<u>104,820</u>	<u>3,894</u>	<u>3,895</u>
<u>2,452,045</u>	<u>2,221,235</u>	<u>3,390,316</u>	<u>2,217,731</u>	<u>1,631,142</u>
<u>11,352,092</u>	<u>10,920,560</u>	<u>14,687,050</u>	<u>8,977,971</u>	<u>8,524,413</u>
1,057,331	976,032	1,744,557	444,381	293,386
698,218	654,591	874,782	1,212,257	949,212
182,442	781,465	16,585	-	55,523
336,467	365,852	523,688	241,820	179,841
-	-	-	-	1,182
20,000	-	98,979	-	35,986
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,294,458</u>	<u>2,777,940</u>	<u>3,258,591</u>	<u>1,898,458</u>	<u>1,515,130</u>
3,059,417	3,647,643	4,742,152	2,635,481	2,545,503
<u>-</u>	<u>-</u>	<u>30,000</u>	<u>20,000</u>	<u>20,000</u>
<u>3,059,417</u>	<u>3,647,643</u>	<u>4,772,152</u>	<u>2,655,481</u>	<u>2,565,503</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL PERIODS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (6,618,645)	\$ (6,699,828)	\$ (5,634,457)	\$ (6,556,663)
Business-Type Activities	<u>226,306</u>	<u>724,870</u>	<u>422,464</u>	<u>1,108,528</u>
Total Primary Government Net Expenses	<u>(6,392,339)</u>	<u>(5,974,958)</u>	<u>(5,211,993)</u>	<u>(5,448,135)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u>				
<u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	5,259,723	5,174,711	4,646,692	4,668,446
Sales Taxes	940,436	864,538	835,133	772,815
Other Taxes	733,572	620,797	621,035	642,184
Unrestricted Investment Earnings	26,225	30,244	23,530	16,612
Miscellaneous	113,682	84,222	77,093	36,060
Proceeds from Sale of Assets	-	-	-	-
Transfers	<u>59,662</u>	<u>56,518</u>	<u>57,382</u>	<u>51,992</u>
Total Governmental Activities	<u>7,133,300</u>	<u>6,831,030</u>	<u>6,260,865</u>	<u>6,188,109</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	-	-	-	5,952
Miscellaneous	1,751	4,306	10	-
Transfers	<u>(59,662)</u>	<u>(56,518)</u>	<u>(57,382)</u>	<u>(51,992)</u>
Total Business-Type Activities	<u>(57,911)</u>	<u>(52,212)</u>	<u>(57,372)</u>	<u>(51,992)</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	514,655	131,202	626,408	(368,554)
Business-Type Activities	<u>168,395</u>	<u>672,658</u>	<u>365,092</u>	<u>1,062,488</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 683,050</u>	<u>\$ 803,860</u>	<u>\$ 991,500</u>	<u>\$ 693,934</u>

NOTES

Less than ten (10) periods of data has been presented because this is the ninth period of implementation of GASB 34. The information will be presented on a prospective basis.

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

TABLE 2

<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
\$ (6,605,589)	\$ (5,921,385)	\$ (8,038,143)	\$ (4,861,782)	\$ (5,378,141)
<u>607,372</u>	<u>1,426,408</u>	<u>1,381,836</u>	<u>437,750</u>	<u>934,361</u>
<u>(5,998,217)</u>	<u>(4,494,977)</u>	<u>(6,656,307)</u>	<u>(4,424,032)</u>	<u>(4,443,780)</u>
4,828,522	4,801,196	4,492,544	3,674,697	3,270,947
728,966	747,931	1,205,221	763,031	751,520
561,931	588,522	901,456	583,775	539,259
19,415	69,751	592,904	324,131	177,247
30,124	12,416	95,297	78,356	82,185
-	-	-	-	20,425
<u>112,847</u>	<u>78,811</u>	<u>98,027</u>	<u>-</u>	<u>-</u>
<u>6,281,805</u>	<u>6,298,627</u>	<u>7,385,449</u>	<u>5,423,990</u>	<u>4,841,583</u>
14,586	44,026	49,097	-	(4,019)
-	-	-	-	-
<u>(112,847)</u>	<u>(78,811)</u>	<u>(98,027)</u>	<u>-</u>	<u>-</u>
<u>(98,261)</u>	<u>(34,785)</u>	<u>(48,930)</u>	<u>-</u>	<u>(4,019)</u>
(323,784)	377,242	(652,694)	562,208	(536,558)
<u>509,111</u>	<u>1,391,623</u>	<u>1,329,906</u>	<u>437,750</u>	<u>930,342</u>
<u>\$ 185,327</u>	<u>\$ 1,768,865</u>	<u>\$ 677,212</u>	<u>\$ 999,958</u>	<u>\$ 393,784</u>

CITY OF ALAMO HEIGHTS, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011**</u>
<u>GENERAL FUND</u>				
Non-Spendable - Prepaids	\$ 87,663	\$ 86,209	\$ 75,920	\$ 75,920
Unassigned	3,341,248	3,142,289	3,045,170	3,108,664
Reserved	-	-	-	-
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL GENERAL FUND	 <u>\$ 3,428,911</u>	 <u>\$ 3,228,498</u>	 <u>\$ 3,121,090</u>	 <u>\$ 3,184,584</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Restricted for:				
Confiscated Property	\$ 31,083	\$ 27,177	\$ 29,077	\$ 21,341
Court Security	121,374	112,123	101,870	91,490
Community Programs	101,110	100,452	91,169	89,893
Police Training	32,739	30,738	30,738	32,863
Court Technology	19,732	34,541	21,080	19,887
Comprehensive Plan	17,136	23,539	31,080	31,618
Street Maintenance	284,795	91,605	522,216	130,272
TNR Foster	5,834	7,917	89	5,183
Debt Service	166,589	186,690	106,281	91,053
Capital Projects	613,859	6,315,190	6,787,194	665,283
Committed for:				
Capital Replacement	440,692	595,448	532,004	360,407
Street Maintenance	765,000	565,000	265,000	265,000
Comprehensive Plans	20,000	20,000	20,000	20,000
Private Contributions	-	-	-	1,669
Assigned				
Capital Projects	1,050,936	1,050,936	262,734	-
Unassigned	3,426	2,042	(71)	-
Reserved	-	-	-	-
Unreserved, Reported In:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL ALL OTHER GOVERNMENTAL FUNDS	 <u>\$ 3,674,305</u>	 <u>\$ 9,163,398</u>	 <u>\$ 8,800,461</u>	 <u>\$ 1,825,959</u>

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

**In 2011 the City adopted GASB No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement establishes new categories for reporting fund balances.

TABLE 3

2010	2009	2008*	2007	2006	2005
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
122,704	383,914	46,187	63,963	-	-
<u>3,136,698</u>	<u>3,508,638</u>	<u>4,170,315</u>	<u>5,713,060</u>	<u>5,299,715</u>	<u>5,741,882</u>
<u>\$ 3,259,402</u>	<u>\$ 3,892,552</u>	<u>\$ 4,216,502</u>	<u>\$ 5,777,023</u>	<u>\$ 5,299,715</u>	<u>\$ 5,741,882</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
967,482	462,734	1,150,692	190,821	96,322	114,299
172,291	157,678	-	-	-	-
<u>2,373,135</u>	<u>3,279,979</u>	<u>3,837,766</u>	<u>-</u>	<u>-</u>	<u>14,161</u>
<u>\$ 3,512,908</u>	<u>\$ 3,900,391</u>	<u>\$ 4,988,458</u>	<u>\$ 190,821</u>	<u>\$ 96,322</u>	<u>\$ 128,460</u>

CITY OF ALAMO HEIGHTS, TEXAS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL PERIODS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>REVENUES</u>				
Taxes	\$ 6,875,122	\$ 6,658,836	\$ 6,103,019	\$ 6,088,227
Licenses and Permits	609,163	681,468	662,687	512,904
Intergovernmental	900,143	640,877	656,151	690,788
CIED Revenue	-	788,202	262,734	-
Charges for Services	1,186,961	1,188,092	1,179,384	1,175,542
Fines	229,579	257,425	270,141	293,518
Property Forfeitures	-	-	-	-
Investment Earnings	26,225	30,244	23,530	16,612
Miscellaneous	<u>89,286</u>	<u>84,222</u>	<u>77,093</u>	<u>74,518</u>
Total Revenues	<u>9,916,479</u>	<u>10,329,366</u>	<u>9,234,739</u>	<u>8,852,109</u>
<u>EXPENDITURES</u>				
General Government	1,502,037	1,401,356	1,492,486	1,526,938
Public Safety	4,844,906	4,577,375	4,656,160	4,594,071
Streets	381,888	359,306	406,039	348,415
Sanitation	653,466	653,829	622,976	669,803
Planning and Development	282,541	299,420	304,561	291,935
Parks and Recreation	237,043	238,372	268,689	248,308
Capital Outlay	6,911,167	1,533,213	384,076	2,506,894
Debt Service				
Principal	600,000	505,000	335,000	300,000
Interest and Fiscal Charges	268,014	347,668	164,272	176,358
Bond Issuance Cost	<u>-</u>	<u>-</u>	<u>73,476</u>	<u>-</u>
Total Expenditures	<u>15,681,062</u>	<u>9,915,539</u>	<u>8,707,735</u>	<u>10,662,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,764,583)</u>	<u>413,827</u>	<u>527,004</u>	<u>(1,810,613)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	(536,008)	(706,007)	(548,653)	(604,628)
Transfers Out	595,670	762,525	606,035	656,620
Capital Lease Obligation	360,000	-	-	-
Certificates of Obligation Issued	-	-	6,323,476	-
Proceeds from Insurance Settlement	56,241	-	-	-
Proceeds from Sale of Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>475,903</u>	<u>56,518</u>	<u>6,380,858</u>	<u>51,992</u>
NET CHANGE IN FUND BALANCES	<u>\$ (5,288,680)</u>	<u>\$ 470,345</u>	<u>\$ 6,907,862</u>	<u>\$ (1,758,621)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.90%	10.17%	6.88%	5.84%

NOTE

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

TABLE 4

2010	2009	2008*	2007	2006	2005
\$ 6,206,928	\$ 6,116,024	\$ 6,673,918	\$ 5,037,871	\$ 4,533,565	\$ 4,355,363
498,825	441,461	963,420	656,563	482,435	420,359
658,207	1,205,965	579,948	413,103	300,063	479,291
-	-	-	-	-	-
874,228	871,054	1,265,903	644,866	469,981	432,241
230,560	233,010	315,618	162,819	260,383	241,232
-	773	999	14,607	-	-
19,415	69,751	592,904	324,131	177,247	104,018
<u>62,762</u>	<u>38,093</u>	<u>129,021</u>	<u>84,856</u>	<u>84,453</u>	<u>75,204</u>
<u>8,550,925</u>	<u>8,976,131</u>	<u>10,521,731</u>	<u>7,338,816</u>	<u>6,308,127</u>	<u>6,107,708</u>
1,580,794	1,490,087	2,161,187	1,563,761	1,682,805	1,246,080
4,441,142	4,337,680	5,939,688	3,864,711	3,809,941	4,116,773
316,185	316,634	514,566	336,491	301,730	313,032
653,442	695,262	1,114,018	799,174	809,469	812,095
374,318	441,920	434,864	186,315	4,966	5,526
245,576	215,912	292,611	175,034	193,946	120,161
1,616,058	2,532,652	1,634,153	-	-	4,500
270,000	240,000	235,000	-	-	-
186,890	196,812	182,041	-	-	-
<u>-</u>	<u>-</u>	<u>39,514</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,684,405</u>	<u>10,466,959</u>	<u>12,547,642</u>	<u>6,925,486</u>	<u>6,802,857</u>	<u>6,618,167</u>
<u>(1,133,480)</u>	<u>(1,490,828)</u>	<u>(2,025,911)</u>	<u>413,330</u>	<u>(494,730)</u>	<u>(510,459)</u>
711,132	78,811	98,027	-	14,161	14,112
(598,285)	-	-	-	(14,161)	(14,112)
-	-	-	158,477	-	402,550
-	-	5,165,000	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,425</u>	<u>51,231</u>
<u>112,847</u>	<u>78,811</u>	<u>5,263,027</u>	<u>158,477</u>	<u>20,425</u>	<u>453,781</u>
<u>\$ (1,020,633)</u>	<u>\$ (1,412,017)</u>	<u>\$ 3,237,116</u>	<u>\$ 571,807</u>	<u>\$ (474,305)</u>	<u>\$ (56,678)</u>
5.66%	5.51%	NA	NA	NA	NA

CITY OF ALAMO HEIGHTS, TEXAS
ASSESSED VALUE AND ESTIMATED 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, 2014	\$ 33,326,092	\$ 1,395,181,683	\$ 1,428,507,775	0.390262
Year Ended September 30, 2013	30,592,813	1,369,899,848	1,400,492,661	0.390262
Year Ended September 30, 2012	29,760,154	1,322,404,572	1,352,164,726	0.355662
Year Ended September 30, 2011	27,831,103	1,321,653,792	1,349,484,895	0.355662
Year Ended September 30, 2010	29,600,691	1,383,570,807	1,413,171,498	0.355662
Year Ended September 30, 2009	30,698,211	1,400,696,306	1,431,394,517	0.355662
18 Months Ended September 30, 2008	33,010,160	1,285,736,852	1,318,747,012	0.355662
Year Ended March 31, 2007	32,889,936	1,149,943,452	1,182,833,388	0.338752
Year Ended March 31, 2006	31,215,914	950,220,548	981,436,462	0.334169
Year Ended March 31, 2005	32,871,457	878,354,796	911,226,253	0.332022

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
2014	0.325762 %	0.064500 %	0.390262 %	1.2050 %	0.2838 %	0.1492 %	0.2762 %	0.0482 %	2.35266 %
2013	0.319454	0.070808	0.390262	1.2180	0.2962	0.1492	0.2762	0.0480	2.37790
2012	0.316157	0.039505	0.355662	1.2180	0.2962	0.1492	0.2762	0.0480	2.34330
2011	0.325127	0.030535	0.355662	1.1980	0.2962	0.1416	0.2762	0.0480	2.31566
2010	0.325127	0.030535	0.355662	1.1680	0.2962	0.1416	0.2762	0.0473	2.28496
2009	0.315591	0.040071	0.355662	1.1620	0.2962	0.1359	0.2662	0.0466	2.26256
2008*	0.321322	0.03434	0.355662	1.1566	0.2951	0.1346	0.2374	0.0477	2.22710
2007	0.3252	0.00	0.3252	1.4866	0.3142	0.1370	0.2439	0.0127	2.51960
2006	0.3320	0.00	0.3320	1.6566	0.3185	0.1075	0.2439	0.0127	2.67118
2005	0.3342	0.00	0.3342	1.6296	0.3185	0.1075	0.2439	0.0127	2.64633

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

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	2014			2005		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
HEB GROCERY COMPANY LP	\$ 13,072,880	1	0.92%	\$ 12,811,210	2	1.47%
CHRISTOPHER GOLDSBURY	6,649,720	2	0.47%	6,349,800	3	0.73%
ALAMO HEIGHTS TREEHOUSE LTD	6,500,000	3	0.46%			
SOUTHWESTERN BELL TELEPHONE	5,298,909	4	0.37%	14,585,230	1	1.67%
BARNES WILLIAM MICHAEL	5,136,820	5	0.36%			
GLENN H HUDDLESTON	5,083,452	6	0.36%	3,012,100	8	0.35%
GEORGE A GEIS	5,015,448	7	0.35%	3,259,500	7	0.37%
BEXAR DIVERSIFIED INC MF-1	3,618,860	8	0.25%	2,990,000	9	0.34%
STEWART CENTER INC	3,599,578	9	0.25%			
TIMOTHY DEAN WORD FAM TRUST	3,510,000	10	0.25%			
LYNDA G MCCOMBS	-		-	4,256,000	4	0.49%
INCOME OPPORTUNITY REALTY	-		-	4,209,800	5	0.48%
SOUTHWEST FND FOR RESEARCH	-		-	2,521,490	10	0.29%
MARBUT, BOB & MARGO	-		-	3,522,600	6	0.41%
TOTAL	<u>\$ 57,485,667</u>		<u>4.04%</u>	<u>\$ 48,771,640</u>		<u>6.60%</u>

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
2014	\$ 5,208	\$ 5,123	98.37%	\$ -	5,123	98.37%
2013	5,122	5,089	99.36	6	5,095	99.47
2012	4,619	4,582	99.18	22	4,604	99.68
2011	4,619	4,584	99.24	25	4,609	99.78
2010	4,763	4,718	99.06	36	4,754	99.81
2009	4,753	4,689	98.65	60	4,749	99.92
2008*	4,413	4,241	96.10	167	4,408	99.89
2007	3,846	3,691	95.97	151	3,842	99.90
2006	3,259	3,082	94.57	174	3,256	99.91
2005	3,045	2,909	95.53	134	3,043	99.93

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

Source: Bexar Appraisal District

CITY OF ALAMO HEIGHTS, TEXAS
RATIOS OF OUTSTANDING DEBT
LAST TEN FISCAL PERIODS

TABLE 9

FISCAL PERIOD	GOVERNMENTAL ACTIVITIES			a	BUSINESS-TYPE ACTIVITIES		a	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	c	PER CAPITA	
	COMBINATION TAX AND REVENUE BONDS CO's	b	GENERAL OBLIGATION BONDS		CAPITAL LEASES	COMBINATION TAX AND REVENUE BONDS CO's						b
2014	\$	3,010,000	\$	5,990,332	\$	323,894	\$	1,715,000	\$	11,039,226	2.42%	\$ 1,570
2013		3,415,000		6,186,506		-		1,815,000		11,416,506	2.50	1,624
2012		3,785,000		6,322,680		-		1,910,000		12,017,680	2.63	1,706
2011		4,120,000		-		-		2,000,000		6,120,000	1.34	870
2010		4,420,000		-		-		2,090,000		6,510,000	1.95	889
2009		4,690,000		-		19,815		2,175,000		6,884,815	2.06	941
2008*		4,930,000		-		48,907		2,255,000		7,233,907	2.17	988
2007		-		-		244,882		-		244,882	0.07	33
2006		-		-		220,279		-		220,279	0.07	30
2005		-		-		302,609		-		302,609	0.09	41

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

- a. Details regarding the City's outstanding debt can be found in Note 3F in the financial statements.
- b. The City issued \$6,300,000 of Tax and Revenue Bonds Certificates of Obligation in 2012.
- c. 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>
2014	\$ 9,601,506	\$ 166,589	\$ 9,434,917	0.66%	\$ 1,342
2013	9,601,506	186,690	9,414,816	0.67	1339
2012	10,107,680	106,281	10,001,399	0.74	1419
2011	4,120,000	91,053	4,028,947	0.30	573
2010	4,420,000	167,417	4,252,583	0.30	581
2009	4,690,000	209,247	4,480,753	0.31	612
2008	4,930,000	110,189	4,819,811	0.37	659
2007	-	-	-	0.00	-
2006	-	-	-	0.00	-
2005	-	-	-	0.00	-

CITY OF ALAMO HEIGHTS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF
SEPTEMBER 30, 2014

TABLE 11

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes			
Bexar County (1)	\$ 1,529,902,529	1.21 %	\$ 18,511,821
Alamo Heights Independent School District (1)	101,236,054	25.60	25,916,430
San Antonio River Authority (2)	54,249,426	1.21	656,418
Alamo Community College District (1)	596,088,000	1.21	<u>7,212,665</u>
Subtotal, Overlapping Debt			52,297,333
City Governmental Activities Direct Debt	10,995,000	100.00	<u>10,995,000</u>
			10,995,000
TOTAL NET OVERLAPPING DEBT			<u><u>\$ 63,292,333</u></u>

NOTES

(1) As of September 30, 2014

(2) As of June 30, 2014

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.

Overlapping governments are those that coincide, as least in part, within the geographic boundaries of the City. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Alamo Heights, Texas. This process recognizes that, when considering the City of Alamo Height's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

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 IN YEARS OF SCHOOLING</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2014	7,031	\$ 456,916,566	\$ 64,986	40	15.73	4,800	4.30%
2013	7,031	456,916,566	64,986	40	15.73	4,800	5.30
2012	7,031	456,916,566	64,986	40	15.73	4,793	6.00
2011	7,031	456,916,566	64,986	40	15.73	4,750	7.30
2010	7,319	334,039,160	45,640	40	15.73	4,460	6.80
2009	7,319	334,039,160	45,640	40	15.73	4,703	6.80
2008*	7,319	334,039,160	45,640	40	15.73	4,570	4.30
2007	7,319	334,039,160	45,640	40	15.73	4,513	4.00
2006	7,319	334,039,160	45,640	40	15.73	4,550	4.60
2005	7,319	334,039,160	45,640	40	15.73	4,161	5.60

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

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	2014			2005		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (2)
Lackland Air Force Base	37,097	1	3.67%	N/A	N/A	N/A
Fort Sam Houston	32,000	2	3.14	N/A	N/A	N/A
H.E.B. Food Stores	20,000	3	1.96	N/A	N/A	N/A
United Services Automobile Assoc	16,000	4	1.57	N/A	N/A	N/A
Northside Independent School Dist	12,751	5	1.25	N/A	N/A	N/A
Randolph Air Force Base	11,068	6	1.09	N/A	N/A	N/A
North East Independent School Dist	10,052	7	0.98	N/A	N/A	N/A
City of San Antonio	9,145	8	0.90	N/A	N/A	N/A
Methodist Healthcare System	8,118	9	0.80	N/A	N/A	N/A
Baptist Health System	7,205	10	0.71	N/A	N/A	N/A
TOTALS	<u>163,436</u>		<u>16.04%</u>	<u>-</u>		<u>-</u>

NOTES

Statistics for the San Antonio Metropolitan area are relevant to the City of Alamo Heights which is totally 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 as of January 2009.

(1) Percent based on an Employment Estimate of 823,900 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 2009. Figure provided by the Texas Workforce Commission.

(2) Percent based on an Employment Estimate of 662,100 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 1997.

* 2001 data utilized since 2002 data could not be obtained.

CITY OF ALAMO HEIGHTS, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL PERIODS

TABLE 14

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Government										
Administration	8	9	9	9	9	9	9	8	9	7
Municipal Court	1	1	1	1	1	1	1	1	1	1
Planning and Development	3	3	3	3	4	4	3	4	0	0
Public Safety										
Police	24	24	24	23	23	24	22	23	26	26
Communications Center	9	9	9	9	9	9	9	9	9	8
Fire	20	20	20	20	20	20	20	20	23	20
EMS	9	9	9	9	9	9	9	6	6	6
Public Works										
Public Works Administration	1	1	1	2	3	2	2	2	4	4
Parks	4	4	4	4	4	4	4	4	4	4
Streets	4	4	4	4	4	6	5	5	4	4
Solid Waste	10	10	10	10	10	9	10	10	9	11
Utilities	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>	<u>7</u>	<u>5</u>	<u>7</u>	<u>5</u>
TOTALS	<u>101</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>104</u>	<u>105</u>	<u>101</u>	<u>97</u>	<u>102</u>	<u>96</u>

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

Source: Fiscal years 2007 through 2011 are authorized positions adopted with the City Budget. Prior years are obtained from Texas Workforce Commission worksight quarterly reports as of March 31 and is a cumulative total of employees for that quarter.

CITY OF ALAMO HEIGHTS, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government				
Building permits issued	267	298	360	343
Police				
Arrests	205	224	261	280
Parking Violations	303	269	528	579
Traffic Violations	6,169	5622	5964	8,831
Fire				
Number of calls answered	1500	1255	1495	1,433
Number of fire responses	652	483	587	562
Number of EMS responses	848	772	908	871
Number of Inspections	484	414	824	862
Number of training classes	752	725	376	993
Water				
New connections	23	2	3	1
Water Main Breaks	8	6	8	11
Total consumption (gallons)	644,466,602	682,036,363	564,345,957	646,653,046
Daily average consumption (gallons)	1,765,662	1,868,592	1,567,628	1,796,258
Number of Service Connections	2963	2940	2938	2,979
Average daily use per connection	596	636	534	603
Sewer				
Total customers	2688	2686	2686	2,711

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

Source: Various City Departments

TABLE 15

2010	2009	2008*	2007	2006	2005
333	353	747	524	458	762
543	671	817	N/A	N/A	N/A
362	880	536	221	317	1,003
7,545	7,138	11,284	7,148	8,234	9,181
1,530	1,288	1,799	1,172	1,193	1,163
641	518	625	382	345	374
889	770	1,174	790	848	789
326	465	1,732	1,181	1,046	10
91	85	850	626	508	166
2	0	32	107	16	0
20	35	71	N/A	N/A	N/A
502,069,233	656,106,936	855,352,863	669,899,977	705,892,237	722,799,504
1,394,637	1,822,519	1,583,986	1,860,833	1,960,812	2,007,776
2,906	2,902	2,907	2,875	2,768	2,752
480	628	545	647	708	730
2,683	2,661	2,671	2,658	2,630	2,630

CITY OF ALAMO HEIGHTS, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL PERIODS

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Police				
Stations	1	1	1	1
Patrol Units	7	7	7	7
Fire				
Stations	1	1	1	1
Training facility	2	2	2	2
Fire Apparatus	2	2	2	
EMS				
Ambulance	3	3	3	3
Sanitation				
Garbage Trucks	6	6	6	6
Streets				
Streets paved (miles)	40.25	40.25	40.25	40.25
Parks				
Swimming pools	1	1	1	1
Baseball/softball diamonds	2	2	2	2
Animal Control				
Control Vehicle	1	1	1	1
Water				
Number of reservoirs	1	1	1	1
Number of pump stations	6	6	6	6
Number of water mains (miles)	44.2	44.2	44.2	44.2
Sewer				
Sanitary sewers (miles)	32	32	32	32

NOTES

* 18-month period. The City changed its year end from March 31 to September 30 at September 30, 2008. Prior years had a fiscal year end of March 31.

Source: City Asset Listing and Various City Departments.

TABLE 16

<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
1 6	1 6	1 6	1 6	1 6	1 6
1 2	1 2	1 2	1 2	1 2	1 2
3	3	3	3	3	3
6	6	6	6	6	6
40.25	40.25	40.25	40.25	40.25	40.25
1 2	1 2	1 2	1 2	1 2	1 2
-	-	1	1	1	1
1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2
32	32	32	32	32	32