



Comprehensive Annual Report



**City of Alamo Heights
FY 2014 - 2015**

CITY OF ALAMO HEIGHTS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015

Prepared by:
Administration and Finance Department
Mark Browne, City Manager
Robert Galindo, 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 14, 2016

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, 2015 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.

Alonzo Bacarisse Irvine Palmer, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Alamo Heights financial statements for the year ended September 30, 2015. 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.

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 52 percent of general fund revenues. The City's revenue sources have remained steady despite the nation's economic uncertainty.

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

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

FINANCIAL INFORMATION

Budgetary Controls

The City adopts a budget for the general fund, debt service fund, capital projects fund, capital replacement fund, street maintenance fund, comprehensive fund and the 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 2014-2015 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 2014-2015 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, 2014. This was the eighteenth 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 Robert Galindo, Director of Finance, for his leadership on this project and all members of the management team who assisted and contributed to the preparation of this report.

Respectfully submitted,

Mark Browne

Mark Browne
City Manager

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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, 2014

Executive Director/CEO

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CITY OF ALAMO HEIGHTS, TEXAS
CITY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Mayor

Louis Cooper

Council Members

Lawson Jessee
Bobby Rosenthal
Fred Prassel
John Savage
Lynda Billa Burke

City Manager

Mark Browne

City Attorney

Michael Brenan

Public Works Director

Patrick Sullivan

Director of Finance

Robert Galindo

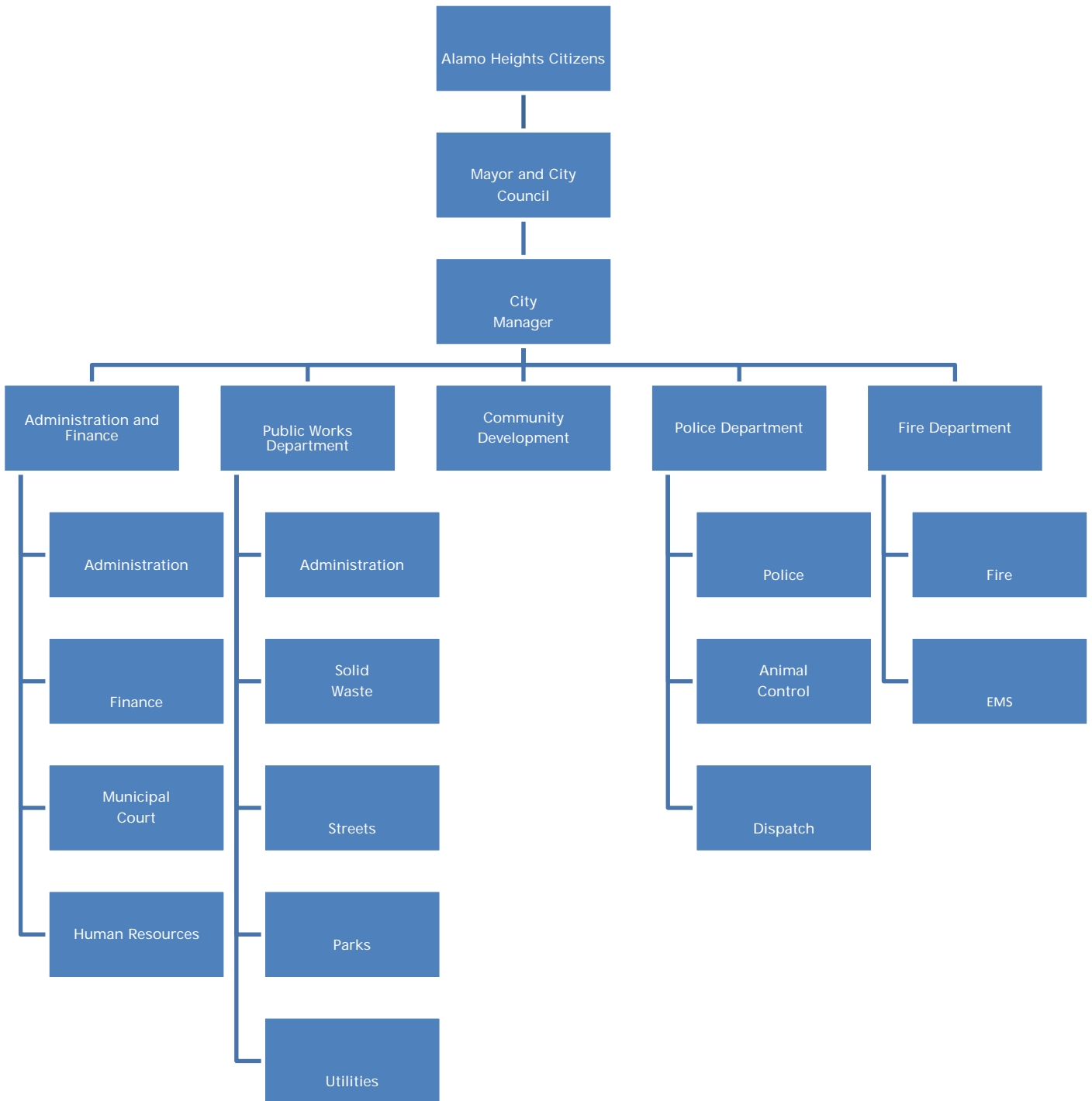
Fire Chief

Buddy Kuhn

Police Chief

Rick Pruitt

CITY OF ALAMO HEIGHTS, TEXAS
 ORGANIZATION CHART - SEPTEMBER 30, 2015



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, 2015, and the 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, 2015, and the respective changes in financial position and, where applicable, cash flows hereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As described in Note 1-L to the financial statements, in 2015, the City adopted new accounting guidance. Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions 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, non-major funds schedule of revenue, expenditures, and changes in fund balance-budget and actual, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 and budgetary comparisons 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 14, 2016

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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, 2015. 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 \$5,455,046 and increased by less than 4% from last year. The increase was due to an increase in the appraised property values.
- Investments of the City are governed by the Public Funds Investment Act and are limited to interest-earning bank accounts, mutual funds, obligations of the United States government, statewide investment pools, and certificates of deposit. Investment earnings for the year ended September 30, 2015 was \$24,742 as compared to \$26,225 for the year ended September 30, 2014. This decrease was the result of a decrease in the investment balances related to the expenditures of bond funds.
- The City's change in net position which includes all activity types decreased this year by \$13,058.
- The City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). The adoption of GASB 68 resulted in a restatement to total net position of \$4,989,223 and recognition of a total net pension liability of \$5,351,657.

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, nine (9) 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 as a useful indicator of a government's financial position over time. In the City's case, assets exceeded liabilities by \$13,304,601 at September 30, 2015. Of this amount, \$1,295,375 or approximately 10% 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 74% 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 \$6,262,650, or approximately 21% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of \$29,638,327. Long-term liabilities amounted to \$15,048,862, which represents net pension liability, certificates of obligations, capital lease, and amounts accrued for compensated absences.

Statement of Net Position

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2015	2014	2015	2014	2015	2014
Other Assets	\$ 6,546,609	\$ 9,488,778	\$ 1,215,769	\$ 2,063,568	\$ 7,762,378	\$11,552,346
Capital Assets	<u>11,973,868</u>	<u>10,721,441</u>	<u>9,902,081</u>	<u>9,195,502</u>	<u>21,875,949</u>	<u>19,916,943</u>
TOTAL ASSETS	<u>18,520,477</u>	<u>20,210,219</u>	<u>11,117,850</u>	<u>11,259,070</u>	<u>29,638,327</u>	<u>31,469,289</u>
Deferred Outflows of Resources	<u>732,377</u>	<u>-</u>	<u>90,518</u>	<u>-</u>	<u>822,895</u>	<u>-</u>
Long-Term Liabilities	12,947,178	8,926,864	2,101,684	1,617,663	15,048,862	10,544,527
Other Liabilities	<u>1,350,063</u>	<u>2,354,499</u>	<u>356,063</u>	<u>263,381</u>	<u>1,706,126</u>	<u>2,617,880</u>
TOTAL LIABILITIES	<u>14,297,241</u>	<u>11,281,363</u>	<u>2,457,747</u>	<u>1,881,044</u>	<u>16,754,988</u>	<u>13,162,407</u>
Deferred Inflows of Resources	<u>357,453</u>	<u>-</u>	<u>44,180</u>	<u>-</u>	<u>401,633</u>	<u>-</u>
Net Position						
Net Investment in Capital Assets	3,385,358	2,011,074	8,292,081	7,480,502	11,677,439	9,491,576
Restricted	331,787	780,392	-	-	331,787	780,392
Unrestricted	<u>881,015</u>	<u>6,137,390</u>	<u>414,360</u>	<u>1,897,524</u>	<u>1,295,375</u>	<u>8,034,914</u>
TOTAL NET POSITION	<u>\$ 4,598,160</u>	<u>\$ 8,928,856</u>	<u>\$ 8,706,441</u>	<u>\$ 9,378,026</u>	<u>\$13,304,601</u>	<u>\$18,306,882</u>

Statement of Activities

At September 30, 2015, the City ended with an overall decrease in net position of \$404,124. This decrease along with the restatement of beginning net position due to GASB 68 of \$4,989,223 resulted in net position at September 30, 2015 of \$12,913,535. Property taxes account for approximately 54% of governmental activities revenues and increased in the current year due to increase property tax valuations.

The net position decrease in the business-type activities of \$165,789 was less than the increase in the prior year of \$168,395. The net position provides for the operation and maintenance of the City's water distribution and sanitary sewer systems and for the provision of water and sewer services to its customers.

CHANGES IN NET POSITION

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2015	2014	2015	2014	2015	2014
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 2,512,436	\$ 2,577,326	\$ 3,084,542	\$ 3,203,337	\$ 5,596,978	\$ 5,780,663
Operating Grants and Contributions	328,437	48,733	-	-	328,437	48,733
Capital Grants and Contributions	-	415,005	-	-	-	415,005
General Revenues						
Property Taxes	5,455,046	5,259,723	-	-	5,455,046	5,259,723
Sales Taxes	946,872	940,436	-	-	946,872	940,436
Franchise Taxes	739,015	664,170	-	-	739,015	664,170
Beverage Taxes	67,592	69,402	-	-	67,592	69,402
Unrestricted Investment Earnings	24,742	26,225	-	-	24,742	26,225
Miscellaneous	82,606	113,682	13,354	1,751	95,960	115,433
Total Revenues	<u>10,156,746</u>	<u>10,114,702</u>	<u>3,097,896</u>	<u>3,205,088</u>	<u>13,254,642</u>	<u>13,319,790</u>
<u>EXPENSES</u>						
General Government	1,812,948	1,549,460	-	-	1,812,948	1,549,460
Public Safety	5,194,754	5,344,641	-	-	5,194,754	5,344,641
Streets	1,506,114	1,267,014	-	-	1,506,114	1,267,014
Sanitation	717,951	704,509	-	-	717,951	704,509
Planning and Development	308,311	282,541	-	-	308,311	282,541
Parks and Recreation	272,963	248,282	-	-	272,963	248,282
Interest and Other Fees	243,462	263,262	-	-	243,462	263,262
Utility	-	-	3,154,421	2,977,031	3,154,421	2,977,031
Total Expenses	<u>10,056,503</u>	<u>9,659,709</u>	<u>3,154,421</u>	<u>2,977,031</u>	<u>13,210,924</u>	<u>12,636,740</u>
Increase (Decrease) in Net Position before Transfers	100,243	454,993	(56,525)	228,057	43,718	683,050
<u>TRANSFERS</u>	<u>66,246</u>	<u>59,662</u>	<u>(66,246)</u>	<u>(59,662)</u>	<u>-</u>	<u>-</u>
<u>SPECIAL ITEM</u>	<u>(56,776)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,776)</u>	<u>-</u>
Change in Net Position	109,713	514,655	(122,771)	168,395	(13,058)	683,050
<u>NET POSITION - BEGINNING</u>	<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>
<u>RESTATEMENT OF BEGINNING</u>	<u>(4,440,409)</u>	<u>(93,715)</u>	<u>(548,814)</u>	<u>(10,428)</u>	<u>(4,989,223)</u>	<u>(104,143)</u>
<u>NET POSITION - BEGINNING AS RESTATED</u>	<u>4,488,447</u>	<u>8,414,201</u>	<u>8,829,212</u>	<u>9,209,631</u>	<u>13,317,659</u>	<u>17,623,832</u>
NET POSITION - ENDING	<u>\$ 4,598,160</u>	<u>\$ 8,928,856</u>	<u>\$ 8,706,441</u>	<u>\$ 9,378,026</u>	<u>\$ 13,304,601</u>	<u>\$ 18,306,882</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 \$3,257,270 compared to \$3,341,248 in 2014, a decrease of \$83,978. 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 \$955,423 compared to \$1,664,795 in 2014, a decrease of \$709,372 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 \$3,097,896 and expenses were \$3,220,667. This resulted in a \$122,771 decrease in net position along with the restatement of \$548,814 to beginning net position for GASB 68. Net position at year end was \$8,706,441.

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 \$132,629 and expenditures were under budget by \$558,761. 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, 2015 included the following:

A majority of the revenue budget variance was attributed to license and permits which were under budget by \$167,419.

In public safety all three departments had favorable variances. The budget for police had an \$131,863 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 \$110,207 and \$50,712 respectively. Position vacancies and turnover accounted for these variances.

Capital Assets

At the end of 2015 and 2014, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) \$11,973,868 and \$9,902,081, 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 \$1,560,629 and \$327,185, 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)

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	2015	2014	2015	2014	2015	2014
Land	\$ 1,124,130	\$ 1,124,130	\$ -	\$ -	\$ 1,124,130	\$ 1,124,130
Construction in Progress	-	6,717,409	-	-	-	6,717,409
Buildings	8,220,450	1,063,516	-	-	8,220,450	1,063,516
Infrastructure	1,803,280	1,196,480	-	-	1,803,280	1,196,480
Improvements Other Than Buildings	111,513	123,338	-	-	111,513	123,338
Furniture, Fixtures, and Equipment	714,495	496,568	98,436	96,959	812,931	593,527
Utility System	-	-	9,803,645	9,098,543	9,803,645	9,098,543
TOTALS	<u>\$ 11,973,868</u>	<u>\$ 10,721,441</u>	<u>\$ 9,902,081</u>	<u>\$ 9,195,502</u>	<u>\$ 21,875,949</u>	<u>\$ 19,916,943</u>

Long-Term Debt

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

	<u>GOVERNMENTAL ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTAL</u>	
	2015	2014	2015	2014	2015	2014
Certificates of Obligation	\$ 8,355,000	\$ 8,980,000	\$ 1,610,000	\$ 1,715,000	\$ 9,965,000	\$ 10,695,000
Capital Lease	214,352	323,894	-	-	214,352	-
Bond Premium	19,158	20,332	-	-	19,158	-
Compensated Absences	<u>383,543</u>	<u>370,841</u>	<u>9,993</u>	<u>9,654</u>	<u>393,536</u>	<u>390,488</u>
TOTAL DEBT	<u>\$ 8,972,053</u>	<u>\$ 9,695,067</u>	<u>\$ 1,619,993</u>	<u>\$ 1,724,654</u>	<u>\$ 10,592,046</u>	<u>\$ 11,085,488</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 2015-16 adopted budget appropriations for the general, utility, capital projects, debt service, capital replacement, street maintenance and special revenue funds is \$14,640,232. This amount includes \$1,075,907 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 private sector.

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 Robert Galindo, Director of Finance, 6116 Broadway, San Antonio, Texas, 78209.

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BASIC FINANCIAL STATEMENTS

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-</u> <u>TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 5,525,992	\$ 373,485	\$ 5,899,477
Investments	-	315,495	315,495
Receivables - Net of Allowances for Uncollectibles:			
Taxes	104,331	-	104,331
Accounts	837,304	479,111	1,316,415
Prepays	78,982	-	78,982
Restricted Assets:			
Cash and Cash Equivalents	-	47,678	47,678
Capital Assets not being Depreciated			
Land	1,124,130	-	1,124,130
Construction in Progress	-	-	-
Capital Assets - Net of Accumulated Depreciation			
Buildings	8,220,450	-	8,220,450
Infrastructure	1,803,280	-	1,803,280
Improvements Other than Buildings	111,513	-	111,513
Utility System	-	9,803,645	9,803,645
Furniture, Fixtures, and Equipment	714,495	98,436	812,931
	<u>18,520,477</u>	<u>11,117,850</u>	<u>29,638,327</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflows Related to TMRS	<u>732,377</u>	<u>90,518</u>	<u>822,895</u>
<u>LIABILITIES</u>			
Accounts Payable	229,989	146,621	376,610
Other Payables	-	25,290	25,290
Accrued Payroll	177,636	20,929	198,565
Due to Other Governments	91,949	-	91,949
Accrued Interest	62,639	8,554	71,193
Payable from Restricted Assets:			
Customer Deposits	-	47,678	47,678
Long-Term Liabilities			
Short-Term Portion	787,850	106,991	894,841
Net Pension Liability	4,762,975	588,682	5,351,657
Long-Term Portion	<u>8,184,203</u>	<u>1,513,002</u>	<u>9,697,205</u>
Total Liabilities	<u>14,297,241</u>	<u>2,457,747</u>	<u>16,754,988</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to TMRS	<u>357,453</u>	<u>44,180</u>	<u>401,633</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,385,358	8,292,081	11,677,439
Restricted for:			
Police	12,654	-	12,654
Court Security	86,406	-	86,406
Community Programs	110,074	-	110,074
Police Training	30,777	-	30,777
Court Technology	18,592	-	18,592
Comprehensive Plan	9,393	-	9,393
Animal Services	8,035	-	8,035
Debt Service	55,856	-	55,856
Unrestricted	<u>881,015</u>	<u>414,360</u>	<u>1,295,375</u>
Total Net Position	<u>\$ 4,598,160</u>	<u>\$ 8,706,441</u>	<u>\$ 13,304,601</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

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	\$ 1,812,948	\$ 1,467,061	\$ 74,684	\$ -	\$ (271,203)	\$ -	\$ (271,203)
Public Safety	5,194,754	685,288	17,034	-	(4,492,432)	-	(4,492,432)
Streets	1,506,114	-	236,719	-	(1,269,395)	-	(1,269,395)
Sanitation	717,951	360,087	-	-	(357,864)	-	(357,864)
Community Development	308,311	-	-	-	(308,311)	-	(308,311)
Parks and Recreation	272,963	-	-	-	(272,963)	-	(272,963)
Interest and Other Fees	<u>243,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(243,462)</u>	<u>-</u>	<u>(243,462)</u>
Total Governmental Activities	10,056,503	2,512,436	328,437	-	(7,215,630)	-	(7,215,630)
Business-Type Activities							
Utility	<u>3,154,421</u>	<u>3,084,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,879)</u>	<u>(69,879)</u>
TOTAL GOVERNMENT	<u>\$ 13,210,924</u>	<u>\$ 5,596,978</u>	<u>\$ 328,437</u>	<u>\$ -</u>	<u>(7,215,630)</u>	<u>(69,879)</u>	<u>(7,285,509)</u>
General Revenues							
Taxes:							
Property Taxes					5,455,046	-	5,455,046
Sales Taxes					946,872	-	946,872
Franchise Taxes					739,015	-	739,015
Beverage Taxes					67,592	-	67,592
Unrestricted Investment							
Earnings					24,742	-	24,742
Miscellaneous					82,606	13,354	95,960
Special Item					(56,776)	-	(56,776)
Transfers					<u>66,246</u>	<u>(66,246)</u>	<u>-</u>
Total General Revenues, Special Item, and Transfers					<u>7,325,343</u>	<u>(52,892)</u>	<u>7,272,451</u>
Change in Net Position					109,713	(122,771)	(13,058)
<u>NET POSITION AT BEGINNING OF YEAR</u>					8,928,856	9,378,026	18,306,882
<u>RESTATEMENT OF NET POSITION</u>					<u>(4,440,409)</u>	<u>(548,814)</u>	<u>(4,989,223)</u>
<u>NET POSITION AT BEGINNING OF YEAR AS RESTATED</u>					<u>4,488,447</u>	<u>8,829,212</u>	<u>13,317,659</u>
NET POSITION AT END OF YEAR					<u>\$ 4,598,160</u>	<u>\$ 8,706,441</u>	<u>\$ 13,304,601</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>STREET MAINTENANCE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 3,587,395	\$ 1,007,406	\$ 52,450	\$ 878,741	\$ 5,525,992
Receivables - Net of Allowances for Uncollectibles					
Taxes, Net	91,930	-	-	12,401	104,331
Accounts	823,908	-	13,396	-	837,304
Prepays	<u>78,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,982</u>
TOTAL ASSETS	<u>\$ 4,582,215</u>	<u>\$ 1,007,406</u>	<u>\$ 65,846</u>	<u>\$ 891,142</u>	<u>\$ 6,546,609</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 138,923	\$ 51,983	\$ 39,083	\$ -	\$ 229,989
Accrued Liabilities	254,348	-	-	-	254,348
Due to Other Governments	<u>91,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,949</u>
Total Liabilities	<u>485,220</u>	<u>51,983</u>	<u>39,083</u>	<u>-</u>	<u>576,286</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenues - Taxes	89,327	-	-	11,977	101,304
Unearned Revenues - Warrants	<u>671,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>671,432</u>
Total Deferred Inflows of Resources	<u>760,759</u>	<u>-</u>	<u>-</u>	<u>11,977</u>	<u>772,736</u>
<u>FUND BALANCES</u>					
Non-Spendable - Prepays	78,982	-	-	-	78,982
Restricted for:					
Confiscated Property	-	-	-	12,654	12,654
Court Security	-	-	-	86,406	86,406
Community Programs	-	-	-	110,074	110,074
Police Training	-	-	-	30,777	30,777
Court Technology	-	-	-	18,592	18,592
Comprehensive Plan	-	-	-	9,393	9,393
Animal Services	-	-	-	8,035	8,035
Debt Service	-	-	-	55,856	55,856
Capital Projects	-	-	-	-	-
Committed for:					
Capital Replacement	-	-	-	527,378	527,378
Street Maintenance	-	-	26,763	-	26,763
Comprehensive Plan	-	-	-	20,000	20,000
Assigned					
Capital Projects - CIED	-	955,423	-	-	955,423
Unassigned	<u>3,257,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,257,254</u>
Total Fund Balances	<u>3,336,236</u>	<u>955,423</u>	<u>26,763</u>	<u>879,165</u>	<u>5,197,587</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 4,582,215</u>	<u>\$ 1,007,406</u>	<u>\$ 65,846</u>	<u>\$ 891,142</u>	<u>\$ 6,546,609</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, 2015

TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 5,197,587

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 11,973,868

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 772,736

Accrued vacation leave payable is not due and payable in the current period and, therefore not reported in the funds. (306,831)

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. (8,588,510)

Net pension liability and deferred inflows and outflows or resources related to pensions are not due and payable in the current period and , therefore, not reported in the funds. (4,388,051)

Accrued interest payable on certificates of obligation are not due and payable in the current period and, therefore, not reported in the funds. (62,639)

NET POSITION OF GOVERNMENTAL ACTIVITIES -
STATEMENT OF NET POSITION \$ 4,598,160

(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, 2015

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>STREET MAINTENANCE</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>					
Taxes	\$6,563,479	\$ -	\$ -	\$ 762,592	\$ 7,326,071
Licenses and Permits	538,131	-	-	-	538,131
Intergovernmental	418,802	-	236,719	84,520	740,041
Charges for Services	1,184,844	-	-	-	1,184,844
Fines	269,167	-	-	913	270,080
Investment Earnings	24,742	-	-	-	24,742
Miscellaneous	82,606	-	-	7,198	89,804
Total Revenues	<u>9,081,771</u>	<u>-</u>	<u>236,719</u>	<u>855,223</u>	<u>10,173,713</u>
<u>EXPENDITURES</u>					
General Government	1,601,693	-	-	3,159	1,604,852
Public Safety	4,970,672	-	-	35,224	5,005,896
Streets	475,997	-	-	-	475,997
Sanitation	690,782	-	-	-	690,782
Planning and Development	302,103	-	-	8,283	310,386
Parks and Recreation	263,406	-	-	-	263,406
Capital Outlay	82,072	952,547	1,613,751	215,798	2,864,168
Debt Service					
Principal	-	-	-	625,000	625,000
Interest and Fiscal Charges	-	-	-	248,325	248,325
Total Expenditures	<u>8,386,725</u>	<u>952,547</u>	<u>1,613,751</u>	<u>1,135,789</u>	<u>12,088,812</u>
Excess of Revenues Over Expenditures	<u>695,046</u>	<u>(952,547)</u>	<u>(1,377,032)</u>	<u>(280,566)</u>	<u>(1,915,099)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Special Item	(56,776)	-	-	-	(56,776)
Transfer Out	(797,191)	-	-	-	(797,191)
Transfer In	66,246	243,175	354,000	200,016	863,437
Total Other Financing Sources (Uses)	<u>(787,721)</u>	<u>243,175</u>	<u>354,000</u>	<u>200,016</u>	<u>9,470</u>
Net Change in Fund Balances	(92,675)	(709,372)	(1,023,032)	(80,550)	(1,905,629)
<u>FUND BALANCES - BEGINNING</u>	<u>3,428,911</u>	<u>1,664,795</u>	<u>1,049,795</u>	<u>959,715</u>	<u>7,103,216</u>
FUND BALANCES - ENDING	<u>\$3,336,236</u>	<u>\$ 955,423</u>	<u>\$ 26,763</u>	<u>\$ 879,165</u>	<u>\$ 5,197,587</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
YEAR ENDED SEPTEMBER 30, 2015

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$(1,905,629)

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 (\$2,864,168) exceeded depreciation expense (\$1,560,629). 1,303,539

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (16,967)

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 671,549

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

Change in net pension liability and deferred inflows and outflows related to pension do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 52,358

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. 3,689

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 109,713

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS

Cash	\$ 373,485
Investments	315,495
Receivables - Net of Allowance for Uncollectibles	479,111
Restricted Cash and Cash Equivalents:	
Customer Deposits - Restricted	<u>47,678</u>
Total Current Assets	<u>1,215,769</u>

NONCURRENT ASSETS

Capital Assets:	
Utility System	14,038,752
Furniture, Fixtures, and Equipment	<u>563,000</u>
Totals	14,601,752
Less: Accumulated Depreciation	<u>(4,699,671)</u>
Total Capital Assets - Net of Accumulated Depreciation	<u>9,902,081</u>
Total Noncurrent Assets	<u>9,902,081</u>

TOTAL ASSETS

11,117,850

DEFERRED OUTFLOW OF RESOURCES

Deferred Outflow-Pension	<u>90,518</u>
--------------------------	---------------

TOTAL ASSETS AND DEFERRED
OUTFLOWS OF RESOURCES

\$ 11,208,368

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 146,621
Other Payables	25,290
Accrued Payroll	20,929
Customer Deposits Payable - Restricted	47,678
Accrued Interest Payable	8,554
Compensated Absences	1,991
Bonds Payable within One Year	<u>105,000</u>
Total Current Liabilities	356,063

NONCURRENT LIABILITIES

Pension Benefit Liability	588,682
Compensated Absences	8,002
Bonds Payable after One Year	<u>1,505,000</u>
Total Noncurrent Liabilities	2,101,684

Total Liabilities

2,457,747

DEFERRED INFLOW OF RESOURCES

Deferred Inflow - Pension	<u>44,180</u>
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NET POSITION

Net Investment in Capital Assets	8,292,081
Unrestricted	<u>414,360</u>
Total Net Position	<u>8,706,441</u>

TOTAL LIABILITIES AND NET POSITION

\$ 11,208,368

(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, 2015

<u>OPERATING REVENUES</u>	
Charges for Services	\$ 3,084,542
Miscellaneous Revenues	13,354
Total Operating Revenues	<u>3,097,896</u>
 <u>OPERATING EXPENSES</u>	
Costs of Sales and Services	2,754,807
Administration	4,000
Depreciation	327,185
Total Operating Expenses	<u>3,085,992</u>
Operating Income	<u>11,904</u>
 <u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Expense	<u>(68,429)</u>
Total Nonoperating Revenues (Expenses)	<u>(68,429)</u>
Income before Transfers	(56,525)
 <u>TRANSFER OUT</u>	 <u>(66,246)</u>
Change in Net Position	(122,771)
 <u>NET POSITION - BEGINNING</u>	 9,378,026
<u>RESTATEMENT OF NET POSITION</u>	<u>(548,814)</u>
 <u>NET POSITION - BEGINNING AS RESTATED</u>	 <u>8,829,212</u>
TOTAL NET POSITION - ENDING	<u><u>\$8,706,441</u></u>

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

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 3,033,199
Cash Paid to Suppliers	(2,387,737)
Cash Paid to Employees	<u>(288,194)</u>
Net Cash Provided by Operating Activities	<u>357,268</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash Paid to Other Funds	<u>(66,246)</u>
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CASH FLOWS FROM CAPITAL AND RELATED

FINANCING ACTIVITIES

Purchase of Capital Assets	(1,033,764)
Payment of Interest on Debt	(68,429)
Payments on Debt	<u>(105,000)</u>
Net Cash Used in Financing Activities	<u>(1,207,193)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	<u>1,293,331</u>
Net Cash Provided In Investing Activities	<u>1,293,331</u>
Net Increase in Cash and Cash Equivalents	377,160

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

44,003

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 421,163

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income	<u>\$ 11,904</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	327,185
Increase in Accounts Receivable	(68,372)
Decrease in Accounts Payable	86,397
Increase in Compensated Absences	339
Increase in Accrued Payroll	2,610
Increase in Net Pension Liability	(6,470)
Increase in Customer Deposits Payable	<u>3,675</u>
Total Adjustments	<u>345,364</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 357,268

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

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 inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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, 2015

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 street 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, 2015

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 through 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, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (Continued)

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

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. Prepaids of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

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.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiscal year 2015, the City changed accounting policies related to reporting of net pension liability, deferred outflows of resources, and deferred inflows of resources in a statement of net financial position by adopting GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27." Accordingly, the effect of the accounting change is reported on the statement of net position, and the statement of activities for the current year.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Pensions

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

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 \$5,940,583 and the bank balance was \$6,053,039. The deposits were fully collateralized by securities pledged in the name of the City. The City maintains \$6,570 of cash-on-hand at September 30, 2015.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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, 2015 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	\$ 255,281	0.54
TexPool	AAA	AAAm	Standard & Poor's	2,250	-
Lonestar Liquidity Fund	AAA	AAA	Standard & Poor's	21,462	-
Logic	AAA	AAA	Standard & Poor's	6,145	-
TexStar	AAA	AAAm	Standard & Poor's	<u>30,357</u>	-
TOTAL INVESTMENTS				<u>\$ 315,495</u>	
Portfolio Weighted Average Maturity					0.54

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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	\$102,144	\$ (10,214)	\$ 91,930	\$1,498,825	\$ (674,917)	\$ 823,908
Street Maintenance	-	-	-	13,396	-	13,396
Other Funds	<u>13,779</u>	<u>(1,378)</u>	<u>12,401</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$115,923</u>	<u>\$ (11,592)</u>	<u>\$104,331</u>	<u>\$1,512,221</u>	<u>\$ (674,917)</u>	<u>\$ 837,304</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, 2014, upon which the 2015 fiscal year levy was based, is \$1,455,056,558. Tax collections during the year ended September 30, 2015, for the 2014 tax levy, were 99.37% 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, 2015

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

D. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	BALANCE AT OCTOBER 1, 2014	INCREASES	DECREASES	BALANCE AT SEPTEMBER 30, 2015
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,124,130	\$ -	\$ -	\$ 1,124,130
Construction in Progress	<u>6,717,409</u>	<u>968,971</u>	<u>(7,686,380)</u>	<u>-</u>
Total Capital Assets not being Depreciated	<u>7,841,539</u>	<u>968,971</u>	<u>(7,686,380)</u>	<u>1,124,130</u>
Capital Assets being Depreciated				
Buildings	1,358,048	7,340,608	-	8,698,656
Infrastructure	9,000,419	1,630,781	-	10,631,200
Improvements Other than Buildings	190,004	-	-	190,004
Furniture, Fixtures, and Equipment	<u>4,870,235</u>	<u>559,076</u>	<u>(120,444)</u>	<u>5,308,867</u>
Total Capital Assets being Depreciated	<u>15,418,706</u>	<u>9,530,465</u>	<u>(120,444)</u>	<u>24,828,727</u>
Less Accumulated Depreciation for:				
Buildings	(294,532)	(183,674)	-	(478,206)
Infrastructure	(7,803,939)	(1,023,981)	-	(8,827,920)
Improvements Other than Buildings	(66,666)	(11,825)	-	(78,491)
Furniture, Fixtures, and Equipment	<u>(4,373,667)</u>	<u>(341,149)</u>	<u>120,444</u>	<u>(4,594,372)</u>
Total Accumulated Depreciation	<u>(12,538,804)</u>	<u>(1,560,629)</u>	<u>120,444</u>	<u>(13,978,989)</u>
Total Capital Assets being Depreciated - Net	<u>2,879,902</u>	<u>7,969,836</u>	<u>-</u>	<u>10,849,738</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 10,721,441</u>	<u>\$ 8,938,807</u>	<u>\$ (7,686,380)</u>	<u>\$ 11,973,868</u>
<u>Business-Type Activities</u>				
Capital Assets being Depreciated				
Utility System	\$ 13,053,678	\$ 985,074	\$ -	\$ 14,038,752
Furniture, Fixtures, and Equipment	<u>514,310</u>	<u>48,690</u>	<u>-</u>	<u>563,000</u>
Total Capital Assets being Depreciated	<u>13,567,988</u>	<u>1,033,764</u>	<u>-</u>	<u>14,601,752</u>
Less Accumulated Depreciation for:				
Utility System	(3,955,135)	(279,972)	-	(4,235,107)
Furniture, Fixtures, and Equipment	<u>(417,351)</u>	<u>(47,213)</u>	<u>-</u>	<u>(464,564)</u>
Total Accumulated Depreciation	<u>(4,372,486)</u>	<u>(327,185)</u>	<u>-</u>	<u>(4,699,671)</u>
Total Capital Assets being Depreciated - Net	<u>9,195,502</u>	<u>706,579</u>	<u>-</u>	<u>9,902,081</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	<u>\$ 9,195,502</u>	<u>\$ 706,579</u>	<u>\$ -</u>	<u>\$ 9,902,081</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

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:

<u>Governmental Activities</u>	
General Government	\$ 272,555
Public Safety	214,797
Streets	1,032,036
Sanitation	30,002
Parks and Recreation	<u>11,239</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 1,560,629</u>
<u>Business-Type Activities</u>	
Utility	<u>\$ 327,185</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	<u>\$ 327,185</u>

E. Interfund Transfers

<u>TRANSFER OUT</u>	<u>TRANSFER IN</u>			<u>TOTALS</u>
	<u>GENERAL FUND</u>	<u>STREET MAINTENANCE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	
General Fund	\$ -	\$ 354,000	\$ 200,016	\$ 797,191
Utility Fund	<u>66,246</u>	<u>-</u>	<u>-</u>	<u>66,246</u>
TOTALS	<u>\$ 66,246</u>	<u>\$ 354,000</u>	<u>\$ 200,016</u>	<u>\$ 863,437</u>

Interfund transfers are the result of funding for Capital Replacement Fund (\$200,000) and Street Maintenance Fund (\$354,000). The Utility Fund reimbursed the General Fund for administration (\$66,246).

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, 2015

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, 2015:

	ORIGINAL AMOUNT	INTEREST RATES	OUTSTANDING OCTOBER 1, 2014	ISSUED	RETIRED	BALANCE SEPTEMBER 30, 2015	AMOUNTS DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>							
Combination Tax and Revenue Bonds CO's Series 2007	\$ 5,165,000	3.99%	\$ 3,010,000	\$ -	\$(435,000)	\$ 2,575,000	\$ 470,000
General Obligations, Bonds Series 2012	6,300,000	2-2.625%	5,970,000	-	(190,000)	5,780,000	175,000
Bond Premium, Net			20,332	-	(1,174)	19,158	-
Compensated Absences			370,841	89,414	(76,712)	383,543	76,712
Capital Lease	360,000	2.1%	323,894	-	(109,542)	214,352	66,138
Total Governmental Activities			<u>9,695,067</u>	<u>89,414</u>	<u>(812,428)</u>	<u>8,972,053</u>	<u>787,850</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
Combination Tax and Revenue Bonds CO's Series 2007	2,335,000	3.99	1,715,000	-	(105,000)	1,610,000	105,000
Compensated Absences			<u>9,654</u>	<u>2,330</u>	<u>(1,991)</u>	<u>9,993</u>	<u>1,991</u>
Total Business-type Activities			<u>1,724,654</u>	<u>2,330</u>	<u>(106,991)</u>	<u>1,619,993</u>	<u>106,991</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 11,419,721</u>	<u>\$ 91,744</u>	<u>\$ (919,419)</u>	<u>\$ 10,592,046</u>	<u>\$ 894,841</u>

Annual debt service requirements as of September 30, 2015, for revenue bonds are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
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>\$ 8,355,000</u>	<u>\$ 1,665,298</u>	<u>\$ 10,020,298</u>	<u>\$ 1,610,000</u>	<u>\$ 449,275</u>	<u>\$ 2,059,275</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Annual debt service requirements as of September 30, 2015, for capital leases are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2016	\$ 68,229	\$ 2,894	\$ 71,123
2017	91,723	2,189	93,912
2018	54,400	382	54,782
TOTALS	\$ 214,352	\$ 5,465	\$ 219,817

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

NOTE 4: OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from the City provide its employees with health and life insurance coverage purchased from independent third parties. The City also maintains a cafeteria plan in accordance with Internal Revenue Code Section 125. This plan enables employees to add dependent coverage to their health insurance, as well as select additional types of insurance coverage. The costs of these benefits are recovered through payroll deductions.

NOTE 5: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

B. Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 6%, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	64
Inactive employees entitled to but not yet receiving benefits	59
Active employees	<u>97</u>
Total	220

C. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 6% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.42% and 17.35% for calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$850,395.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at December 31, 2013	\$ 20,684,862	\$ 15,137,672	\$ 5,547,190
Changes for the year:			
Service Cost	761,031	-	761,031
Interest	1,441,488	-	1,441,488
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(515,272)	-	(515,272)
Changes of Assumptions	-	-	-
Contributions - Employer	-	736,438	(736,438)
Contributions - Employee	-	290,127	(290,127)
Net Investment Income	-	865,999	(865,999)
Benefit Payments, Including Refunds of Employee Contributions	(945,389)	(945,389)	-
Administrative Expense	-	(9,041)	9,041
Other Changes	-	(743)	743
Net Changes	<u>741,858</u>	<u>937,391</u>	<u>(195,533)</u>
Balance at December 31, 2014	<u>\$ 21,426,720</u>	<u>\$ 16,075,063</u>	<u>\$ 5,351,657</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

<u>1% Decrease in Discount Rate (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase in Discount Rate (8.0%)</u>
\$ 8,579,029	\$ 5,351,657	\$ 2,739,273

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015, the City recognized a decrease in pension expense of \$787,628.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ -	\$ (401,633)
Changes in Actuarial Assumptions	-	-
Difference Between Projected and Actual Investment Earnings	154,910	-
Contributions Subsequent to the Measurement Date	<u>667,985</u>	<u>-</u>
Total	<u><u>822,895</u></u>	<u><u>(401,633)</u></u>

The City reported \$667,985 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2016	\$ (74,911)
2017	(74,911)
2018	(74,911)
2019	(21,990)
Thereafter	<u>-</u>
Total	<u><u>\$ (246,723)</u></u>

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.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2015

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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 2015, 2014, and 2013 were \$9,928, \$8,935, and \$8,365, respectively, which equaled the required contributions each year.

NOTE 6: RESTATEMENT OF NET POSITION

During fiscal year 2015, the City adopted GASB Statement No. 68, Accounting and Reporting for Pensions. With the adoption of this standard, the City must recognize a net pension liability for their defined-benefit pension plan. Adoption of GASB No. 68 requires a prior period adjustment to report the effect of GASB 68 retroactively. The amount of the prior period adjustment is \$(4,440,409) for the governmental activities and \$(548,814) for the business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>REVENUES</u>				
<u>Taxes</u>				
Property	\$4,780,346	4,780,346	\$ 4,754,511	\$ (25,835)
Sales	900,000	900,000	946,872	46,872
Beverage	58,700	58,700	67,592	8,892
Franchise	765,000	765,000	739,015	(25,985)
PUC Right of Way Fees	<u>30,000</u>	<u>30,000</u>	<u>55,489</u>	<u>25,489</u>
Total Taxes	<u>6,534,046</u>	<u>6,534,046</u>	<u>6,563,479</u>	<u>29,433</u>
<u>Licenses and Permits</u>				
Building	445,000	445,000	290,804	(154,196)
Electric	35,000	35,000	36,689	1,689
Liquor and Food	17,000	17,000	17,435	435
Planning and Zoning	25,000	25,000	11,175	(13,825)
Plumbing	35,000	35,000	35,487	487
Signs	6,500	6,500	2,933	(3,567)
Permits	115,600	115,600	113,832	(1,768)
Certificate of Occupancy	5,500	5,500	3,500	(2,000)
Other	<u>20,950</u>	<u>20,950</u>	<u>26,276</u>	<u>5,326</u>
Total Licenses and Permits	<u>705,550</u>	<u>705,550</u>	<u>538,131</u>	<u>(167,419)</u>
<u>Intergovernmental</u>				
Dispatch	233,422	233,422	242,323	8,901
EMS	<u>213,658</u>	<u>213,658</u>	<u>176,479</u>	<u>(37,179)</u>
Total Intergovernmental	<u>447,080</u>	<u>447,080</u>	<u>418,802</u>	<u>(28,278)</u>
<u>Charges for Services</u>				
EMS	210,000	210,000	252,698	42,698
Court	353,000	353,000	282,600	(70,400)
Garbage	374,004	374,004	360,087	(13,917)
Telecom Lease	260,000	260,000	289,459	29,459
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges for Services	<u>1,197,004</u>	<u>1,197,004</u>	<u>1,184,844</u>	<u>(12,160)</u>
<u>Fines</u>	<u>250,000</u>	<u>250,000</u>	<u>269,167</u>	<u>19,167</u>
<u>Investment Earnings</u>	<u>6,000</u>	<u>6,000</u>	<u>24,742</u>	<u>18,742</u>
<u>Miscellaneous</u>	<u>74,720</u>	<u>74,720</u>	<u>82,606</u>	<u>7,886</u>
Total Revenues	<u>9,214,400</u>	<u>9,214,400</u>	<u>9,081,771</u>	<u>(132,629)</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>EXPENDITURES</u>				
<u>General Government</u>				
Public Works Administration				
Personnel	\$ 74,089	\$ 74,089	\$ 66,133	\$ 7,956
Commodities	129,500	129,500	199,407	(69,907)
Contractual	<u>22,050</u>	<u>22,050</u>	<u>10,871</u>	<u>11,179</u>
Total Public Works Administration	<u>225,639</u>	<u>225,639</u>	<u>276,411</u>	<u>(50,772)</u>
Court				
Personnel	120,302	120,302	109,899	10,403
Commodities	3,768	3,768	2,295	1,473
Contractual	<u>64,100</u>	<u>64,100</u>	<u>64,279</u>	<u>(179)</u>
Total Court	<u>188,170</u>	<u>188,170</u>	<u>176,473</u>	<u>11,697</u>
Administration				
Personnel	597,324	597,324	601,512	(4,188)
Commodities	97,455	97,455	90,144	7,311
Contractual	276,729	276,729	214,235	62,494
Capital Equipment	<u>50,000</u>	<u>50,000</u>	<u>52,961</u>	<u>(2,961)</u>
Total Administration	<u>1,021,508</u>	<u>1,021,508</u>	<u>958,852</u>	<u>62,656</u>
Information Systems				
Commodities	120,884	120,884	107,866	13,018
Contractual	149,956	149,956	135,052	14,904
Capital Equipment	<u>-</u>	<u>-</u>	<u>29,111</u>	<u>(29,111)</u>
Total Information Systems	<u>270,840</u>	<u>270,840</u>	<u>272,029</u>	<u>(1,189)</u>
Total General Government	<u>1,706,157</u>	<u>1,706,157</u>	<u>1,683,765</u>	<u>22,392</u>
<u>Public Safety</u>				
Police				
Personnel	1,920,991	1,920,991	1,834,271	86,720
Commodities	146,820	146,820	103,534	43,286
Contractual	52,233	52,233	50,376	1,857
Capital Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Police	<u>2,120,044</u>	<u>2,120,044</u>	<u>1,988,181</u>	<u>131,863</u>
Police Dispatch				
Personnel	590,744	590,744	545,435	45,309
Commodities	7,478	7,478	4,877	2,601
Contractual	<u>2,200</u>	<u>2,200</u>	<u>1,920</u>	<u>280</u>
Total Police Dispatch	<u>600,422</u>	<u>600,422</u>	<u>552,232</u>	<u>48,190</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>EXPENDITURES (CONTINUED)</u>				
<u>Public Safety (Continued)</u>				
Fire				
Personnel	\$1,744,456	\$1,744,456	\$ 1,655,373	\$ 89,083
Commodities	92,061	92,061	79,584	12,477
Contractual	43,250	43,250	34,603	8,647
Capital Equipment	-	-	-	-
Total Fire	<u>1,879,767</u>	<u>1,879,767</u>	<u>1,769,560</u>	<u>110,207</u>
EMS				
Personnel	630,257	630,257	589,826	40,431
Commodities	64,254	64,254	54,139	10,115
Contractual	16,900	16,900	16,734	166
Total EMS	<u>711,411</u>	<u>711,411</u>	<u>660,699</u>	<u>50,712</u>
Total Public Safety	<u>5,311,644</u>	<u>5,311,644</u>	<u>4,970,672</u>	<u>340,972</u>
<u>Streets</u>				
Personnel	278,498	278,498	244,121	34,377
Commodities	174,500	174,500	228,736	(54,236)
Contractual	3,000	3,000	3,140	(140)
Capital Equipment	30,000	30,000	-	30,000
Total Streets	<u>485,998</u>	<u>485,998</u>	<u>475,997</u>	<u>10,001</u>
<u>Sanitation</u>				
Personnel	501,617	501,617	446,788	54,829
Commodities	113,900	113,900	126,271	(12,371)
Contractual	140,000	140,000	117,723	22,277
Total Sanitation	<u>755,517</u>	<u>755,517</u>	<u>690,782</u>	<u>64,735</u>
<u>Planning and Development</u>				
Personnel	347,268	347,268	267,135	80,133
Commodities	14,750	14,750	21,659	(6,909)
Contractual	16,750	16,750	13,309	3,441
Total Planning and Development	<u>378,768</u>	<u>378,768</u>	<u>302,103</u>	<u>76,665</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
<u>EXPENDITURES (CONTINUED)</u>				
<u>Parks and Recreation</u>				
Personnel	\$ 227,952	\$ 227,952	\$ 209,861	\$ 18,091
Commodities	44,200	44,200	34,164	10,036
Contractual	<u>35,250</u>	<u>35,250</u>	<u>19,381</u>	<u>15,869</u>
Total Parks and Recreation	<u>307,402</u>	<u>307,402</u>	<u>263,406</u>	<u>43,996</u>
Total Expenditures	<u>8,945,486</u>	<u>8,945,486</u>	<u>8,386,725</u>	<u>558,761</u>
Excess of Revenue Over Expenditures	268,914	268,914	695,046	426,132
 <u>OTHER FINANCING SOURCES (USES)</u>				
Special Item	-	-	(56,776)	(56,776)
Transfer Out	(500,000)	(500,000)	(797,191)	(297,191)
Transfer In	<u>67,710</u>	<u>67,710</u>	<u>66,246</u>	<u>(1,464)</u>
Total Other Financing Sources (Uses)	<u>(432,290)</u>	<u>(432,290)</u>	<u>(787,721)</u>	<u>(355,431)</u>
Net Change in Fund Balance	<u>\$ (163,376)</u>	<u>\$ (163,376)</u>	(92,675)	<u>\$ 70,701</u>
 <u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>3,428,911</u>	
 FUND BALANCE AT SEPTEMBER 30, 2015			 <u>\$ 3,336,236</u>	
 <u>SUMMARY OF GENERAL FUND</u>				
<u>EXPENDITURES BY COST CATEGORY</u>				
Personnel	\$7,033,498	\$7,033,498	\$ 6,570,354	\$ 463,144
Commodities	1,009,570	1,009,570	1,052,676	(43,106)
Contractual	822,418	822,418	681,623	140,795
Capital Equipment	<u>80,000</u>	<u>80,000</u>	<u>82,072</u>	<u>13,170</u>
TOTAL EXPENDITURES	<u>\$8,945,486</u>	<u>\$8,945,486</u>	<u>\$ 8,386,725</u>	<u>\$ 558,761</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, 2015

	<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	\$ 241,000	\$ 241,000	\$ 236,719	\$ (4,281)
<u>EXPENDITURES</u>				
Capital Outlay	<u>600,000</u>	<u>600,000</u>	<u>1,613,751</u>	<u>(1,013,751)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(359,000)	(359,000)	(1,377,032)	(1,018,032)
<u>OTHER SOURCES (USES)</u>				
Transfer In	<u>300,000</u>	<u>300,000</u>	<u>354,000</u>	<u>54,000</u>
Net Change in Fund Balance	<u>\$ (59,000)</u>	<u>\$ (59,000)</u>	(1,023,032)	<u>\$ (964,032)</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>1,049,795</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 26,763</u>	

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2015

	2015
Total Pension Liability	
Service Cost	\$ 761,031
Interest (on the Total Pension Liability)	1,441,488
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	(515,272)
Change of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	(945,389)
Net Change in Total Pension Liability	741,858
Total Pension Liability - Beginning	20,684,862
Total Pension Liability - Ending (a)	\$ 21,426,720
Plan Fiduciary Net Position	
Contributions - Employer	\$ 736,438
Contributions - Employee	290,127
Net Investment Income	865,999
Benefit Payments, Including Refunds of Employee Contributions	(945,389)
Administrative Expense	(9,041)
Other	(743)
Net Change in Plan Fiduciary Net Position	937,391
Plan Fiduciary Net Position - Beginning	15,137,672
Plan Fiduciary Net Position - Ending (b)	\$ 16,075,063
Net Pension Liability (a) - (b)	\$ 5,351,657
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.02%
Covered Employee Payroll	4,835,449
Net Pension Liability as a Percentage of Total Covered Employee Payroll	110.68%

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

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2015

		2015
Actuarially Determined Contributions	\$	850,395
Contributions in Relation to the Actuarially Determined Contributions		850,395
Contribution Deficiency (Excess)		-
Covered Employee Payroll		4,835,449
Contributions as a Percentage of Covered Employee Payroll		17.59%

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2015

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.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	3.00%
Salary Increases	3.5% to 12.00% Including Inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015

	<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	\$ 12,654	\$ 86,406	\$ 110,074	\$ 30,777	\$ 18,592
Investments	-	-	-	-	-
Receivables - Net of Allowances for Uncollectibles	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,654</u>	<u>\$ 86,406</u>	<u>\$ 110,074</u>	<u>\$ 30,777</u>	<u>\$ 18,592</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
<u>FUND BALANCES</u>					
Restricted for:					
Confiscated Property	12,654	-	-	-	-
Court Security	-	86,406	-	-	-
Community Programs	-	-	110,074	-	-
Police Training	-	-	-	30,777	-
Court Technology	-	-	-	-	18,592
Comprehensive Plan	-	-	-	-	-
TNR Foster	-	-	-	-	-
Debt Service	-	-	-	-	-
Animal Services	-	-	-	-	-
Committed for:					
Capital Replacement	-	-	-	-	-
Comprehensive Plans	-	-	-	-	-
Total Fund Balances	<u>12,654</u>	<u>86,406</u>	<u>110,074</u>	<u>30,777</u>	<u>18,592</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
	<u>\$ 12,654</u>	<u>\$ 86,406</u>	<u>\$ 110,074</u>	<u>\$ 30,777</u>	<u>\$ 18,592</u>

FUNDS					
COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	TNR GRANT	CAPITAL REPLACEMENT	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 29,393	\$ 8,035	\$ -	\$ 527,378	\$ 55,432	\$ 878,741
-	-	-	-	-	-
-	-	-	-	12,401	12,401
<u>\$ 29,393</u>	<u>\$ 8,035</u>	<u>\$ -</u>	<u>\$ 527,378</u>	<u>\$ 67,833</u>	<u>\$ 891,142</u>
\$ -	\$ -	\$ -	\$ -	\$ 11,977	\$ 11,977
-	-	-	-	-	12,654
-	-	-	-	-	86,406
-	-	-	-	-	110,074
-	-	-	-	-	30,777
-	-	-	-	-	18,592
9,393	-	-	-	-	9,393
-	-	-	-	-	-
-	-	-	-	55,856	55,856
-	8,035	-	-	-	8,035
-	-	-	527,378	-	527,378
<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
<u>29,393</u>	<u>8,035</u>	<u>-</u>	<u>527,378</u>	<u>55,856</u>	<u>879,165</u>
<u>\$ 29,393</u>	<u>\$ 8,035</u>	<u>\$ -</u>	<u>\$ 527,378</u>	<u>\$ 67,833</u>	<u>\$ 891,142</u>

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2015

	<u>SPECIAL REVENUE</u>				
	<u>CONFISCATED PROPERTY</u>	<u>COURT SECURITY</u>	<u>COMMUNITY BENEFIT</u>	<u>LEOSE EMPLOYEE CENTER EDUCATION</u>	<u>COURT TECHNOLOGY</u>
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	10,550	15,204	1,830	14,098
Property Forfeitures	913	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>913</u>	<u>10,550</u>	<u>15,204</u>	<u>1,830</u>	<u>14,098</u>
<u>EXPENDITURES</u>					
Current					
General Government	-	-	-	-	570
Public Safety	19,342	-	6,240	3,792	-
Planning and Development	-	-	-	-	-
Capital Outlay	-	45,518	-	-	14,668
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>19,342</u>	<u>45,518</u>	<u>6,240</u>	<u>3,792</u>	<u>15,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,429)	(34,968)	8,964	(1,962)	(1,140)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer In	-	-	-	-	-
Net Change in Fund Balance	(18,429)	(34,968)	8,964	(1,962)	(1,140)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>31,083</u>	<u>121,374</u>	<u>101,110</u>	<u>32,739</u>	<u>19,732</u>
FUND BALANCES AT END OF YEAR	<u>\$ 12,654</u>	<u>\$ 86,406</u>	<u>\$ 110,074</u>	<u>\$ 30,777</u>	<u>\$ 18,592</u>

FUNDS					
COMPREHENSIVE PLAN	PRIVATE CONTRIBUTIONS	TNR GRANT	CAPITAL REPLACEMENT	DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 762,592	\$ 762,592
540	-	-	42,298	-	84,520
-	-	-	-	-	913
-	7,198	-	-	-	7,198
<u>540</u>	<u>7,198</u>	<u>-</u>	<u>42,298</u>	<u>762,592</u>	<u>855,223</u>
-	2,589	-	-	-	3,159
-	-	5,850	-	-	35,224
8,283	-	-	-	-	8,283
-	-	-	155,612	-	215,798
-	-	-	-	625,000	625,000
-	-	-	-	248,325	248,325
<u>8,283</u>	<u>2,589</u>	<u>5,850</u>	<u>155,612</u>	<u>873,325</u>	<u>1,135,789</u>
(7,743)	4,609	(5,850)	(113,314)	(110,733)	(280,566)
-	-	16	200,000	-	200,016
(7,743)	4,609	(5,834)	86,686	(110,733)	(80,550)
<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>\$ 29,393</u>	<u>\$ 8,035</u>	<u>\$ -</u>	<u>\$ 527,378</u>	<u>\$ 55,856</u>	<u>\$ 879,165</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, 2015

	<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	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
<u>EXPENDITURES</u>				
Capital Outlay	<u>585,338</u>	<u>585,338</u>	<u>952,547</u>	<u>(367,209)</u>
Total Expenditures	<u>585,338</u>	<u>585,338</u>	<u>952,547</u>	<u>(367,209)</u>
Excess of Revenues Over Expenditures	<u>(580,338)</u>	<u>(580,338)</u>	<u>(952,547)</u>	<u>362,209</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	<u>-</u>	<u>-</u>	<u>243,175</u>	<u>(243,175)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>243,175</u>	<u>(243,175)</u>
Net Change in Fund Balance	<u>\$ (580,338)</u>	<u>\$ (580,338)</u>	<u>(709,372)</u>	<u>\$ 129,034</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>1,664,795</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 955,423</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, 2015

	<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	\$ -	\$ -	\$ 540	\$ 540
<u>EXPENDITURES</u>				
Planning and Development	<u>34,035</u>	<u>34,035</u>	<u>8,283</u>	<u>25,752</u>
Net Change in Fund Balance	<u>\$(34,035)</u>	<u>\$(34,035)</u>	(7,743)	<u>\$ 26,292</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>37,136</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$29,393</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, 2015

	<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	\$ -	\$ -	\$ 42,298	\$ 42,298
<u>EXPENDITURES</u>				
Capital Outlay	<u>185,527</u>	<u>185,527</u>	<u>155,612</u>	<u>29,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(185,527)	(185,527)	(113,314)	72,213
<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>\$ 14,473</u>	<u>\$ 14,473</u>	86,686	<u>\$ 72,213</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>440,692</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 527,378</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, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Property Taxes	<u>\$ 749,998</u>	<u>\$ 749,998</u>	<u>\$ 762,592</u>	<u>\$ 12,594</u>
<u>EXPENDITURES</u>				
Interest Expense	248,493	248,493	248,325	168
Principal Payment	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>
Total Expenditures	<u>873,493</u>	<u>873,493</u>	<u>873,325</u>	<u>168</u>
Net Change in Fund Balance	<u>\$(123,495)</u>	<u>\$(123,495)</u>	(110,733)	<u>\$ 12,762</u>
<u>FUND BALANCE AT OCTOBER 1, 2014</u>			<u>166,589</u>	
FUND BALANCE AT SEPTEMBER 30, 2015			<u>\$ 55,856</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 3,385,358	\$ 2,011,074	\$ 1,638,290	\$ 1,638,290
Restricted	331,787	780,392	933,600	933,600
Unrestricted	<u>881,015</u>	<u>6,137,390</u>	<u>5,804,824</u>	<u>5,804,824</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 4,598,160</u>	 <u>\$ 8,928,856</u>	 <u>\$ 8,376,714</u>	 <u>\$ 8,376,714</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 8,292,081	\$ 7,480,502	\$ 6,486,583	\$ 6,486,583
Unrestricted	<u>414,360</u>	<u>1,897,524</u>	<u>2,060,818</u>	<u>2,060,818</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 8,706,441</u>	 <u>\$ 9,378,026</u>	 <u>\$ 8,547,401</u>	 <u>\$ 8,547,401</u>
 <u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$11,677,439	\$ 9,491,576	\$ 8,124,873	\$ 8,124,873
Restricted	331,787	780,392	933,600	933,600
Unrestricted	<u>1,295,375</u>	<u>8,034,914</u>	<u>7,865,642</u>	<u>7,865,642</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$13,304,601</u>	 <u>\$18,306,882</u>	 <u>\$ 16,924,115</u>	 <u>\$16,924,115</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.

TABLE 1

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
\$ 2,407,064	\$ 3,481,430	\$ 3,604,383	\$ 3,265,610	\$ 2,371,777	\$ 2,317,526
1,178,883	931,360	420,904	298,387	190,821	96,322
<u>4,164,359</u>	<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>\$ 7,750,306</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>
\$ 6,681,531	\$ 4,994,611	\$ 1,908,911	\$ 2,770,279	\$ 2,566,168	\$ 2,439,771
<u>1,500,778</u>	<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>\$ 8,182,309</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>
\$ 9,088,595	\$ 8,476,041	\$ 5,513,294	\$ 4,961,589	\$ 4,937,945	\$ 4,757,297
1,178,883	931,360	420,904	298,387	190,821	96,322
<u>5,665,137</u>	<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>\$15,932,615</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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,812,948	\$ 1,549,460	\$ 1,480,953	\$ 1,600,557
Public Safety	5,194,754	5,344,641	4,886,648	4,944,862
Streets	1,506,114	1,267,014	1,548,142	1,420,341
Sanitation	717,951	704,509	676,655	645,802
Planning and Development	308,311	282,541	297,919	301,920
Parks and Recreation	272,963	248,282	247,616	277,653
Interest on Debt	<u>243,462</u>	<u>263,262</u>	<u>321,589</u>	<u>245,713</u>
Total Governmental Activities	<u>10,056,503</u>	<u>9,659,709</u>	<u>9,459,522</u>	<u>9,436,848</u>
<u>Business-Type Activities</u>				
Utility	3,154,421	2,977,031	2,782,642	2,846,898
Swimming Pool	-	-	-	-
Total Business-Type Activities	<u>3,154,421</u>	<u>2,977,031</u>	<u>2,782,642</u>	<u>2,846,898</u>
Total Primary Government Expenses	<u>13,210,924</u>	<u>12,636,740</u>	<u>12,242,164</u>	<u>12,283,746</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	1,467,061	905,045	1,524,322	1,500,258
Public Safety	685,288	672,670	614,482	667,720
Streets	-	-	216,597	209,469
Sanitation	360,087	390,448	358,913	337,969
Planning and Development	-	609,163	-	-
Parks and Recreation	-	-	45,380	36,040
Capital Grants and Contributions				
General Government	-	415,005	-	-
Operating Grants and Contributions				
General Government	<u>328,437</u>	<u>48,733</u>	<u>-</u>	<u>1,050,935</u>
Total Governmental Activities Program Revenues	<u>2,840,873</u>	<u>3,041,064</u>	<u>2,759,694</u>	<u>3,802,391</u>
<u>Business-Type Activities</u>				
Charges for Service				
Utility	3,084,542	3,203,337	3,507,512	3,269,362
Swimming Pool	-	-	-	-
Total Business-Type Activities Program Revenues	<u>3,084,542</u>	<u>3,203,337</u>	<u>3,507,512</u>	<u>3,269,362</u>
Total Primary Government Program Revenues	<u>5,925,415</u>	<u>6,244,401</u>	<u>6,267,206</u>	<u>7,071,753</u>

TABLE 2

2011	2010	2009	2008*	2007	2006
\$ 1,583,220	\$ 1,661,420	\$ 1,569,197	\$ 2,176,707	\$ 1,358,952	\$ 1,495,944
4,948,153	4,815,094	4,775,274	6,226,320	3,922,178	4,036,564
1,391,017	894,256	750,487	801,052	434,835	301,233
706,945	699,345	726,426	1,152,448	673,018	855,816
291,935	374,318	441,920	420,485	186,315	5,341
266,450	267,245	237,581	310,268	167,646	187,882
<u>177,687</u>	<u>188,369</u>	<u>198,440</u>	<u>209,454</u>	<u>17,296</u>	<u>10,491</u>
<u>9,365,407</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>
2,470,981	2,452,045	2,221,235	3,285,496	2,213,837	1,627,247
-	-	-	104,820	3,894	3,895
<u>2,470,981</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>11,836,388</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>
1,494,897	1,057,331	976,032	1,744,557	444,381	293,386
743,118	698,218	654,591	874,782	1,212,257	949,212
197,883	182,442	781,465	16,585	-	55,523
341,803	336,467	365,852	523,688	241,820	179,841
-	-	-	-	-	1,182
31,043	20,000	-	98,979	-	35,986
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,808,744</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>
3,579,509	3,059,417	3,647,643	4,742,152	2,635,481	2,545,503
-	-	-	30,000	20,000	20,000
<u>3,579,509</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>
<u>6,388,253</u>	<u>5,353,875</u>	<u>6,425,583</u>	<u>8,030,743</u>	<u>4,553,939</u>	<u>4,080,633</u>

(CONTINUED)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$(7,215,630)	\$(6,618,645)	\$(6,699,828)	\$(5,634,457)
Business-Type Activities	<u>(69,879)</u>	<u>226,306</u>	<u>724,870</u>	<u>422,464</u>
Total Primary Government Net Expenses	<u>(7,285,509)</u>	<u>(6,392,339)</u>	<u>(5,974,958)</u>	<u>(5,211,993)</u>
 <u>GOVERNMENTAL REVENUES AND OTHER</u> <u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	5,455,046	5,259,723	5,174,711	4,646,692
Sales Taxes	946,872	940,436	864,538	835,133
Other Taxes	806,607	733,572	620,797	621,035
Unrestricted Investment Earnings	24,742	26,225	30,244	23,530
Miscellaneous	82,606	113,682	84,222	77,093
Proceeds from Sale of Assets	-	-	-	-
Special Item	(56,776)	-	-	-
Transfers	<u>66,246</u>	<u>59,662</u>	<u>56,518</u>	<u>57,382</u>
Total Governmental Activities	<u>7,325,343</u>	<u>7,133,300</u>	<u>6,831,030</u>	<u>6,260,865</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	-	-	-	-
Miscellaneous	13,354	1,751	4,306	10
Transfers	<u>(66,246)</u>	<u>(59,662)</u>	<u>(56,518)</u>	<u>(57,382)</u>
Total Business-Type Activities	<u>(52,892)</u>	<u>(57,911)</u>	<u>(52,212)</u>	<u>(57,372)</u>
 <u>CHANGES IN NET POSITION</u>				
Governmental Activities	109,713	514,655	131,202	626,408
Business-Type Activities	<u>(122,771)</u>	<u>168,395</u>	<u>672,658</u>	<u>365,092</u>
 TOTAL PRIMARY GOVERNMENT	<u>\$ (13,058)</u>	<u>\$ 683,050</u>	<u>\$ 803,860</u>	<u>\$ 991,500</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.

TABLE 2

2011	2010	2009	2008*	2007	2006
\$ (6,556,663)	\$ (6,605,589)	\$ (5,921,385)	\$ (8,038,143)	\$ (4,861,782)	\$ (5,378,141)
<u>1,108,528</u>	<u>607,372</u>	<u>1,426,408</u>	<u>1,381,836</u>	<u>437,750</u>	<u>934,361</u>
<u>(5,448,135)</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>
4,668,446	4,828,522	4,801,196	4,492,544	3,674,697	3,270,947
772,815	728,966	747,931	1,205,221	763,031	751,520
642,184	561,931	588,522	901,456	583,775	539,259
16,612	19,415	69,751	592,904	324,131	177,247
36,060	30,124	12,416	95,297	78,356	82,185
-	-	-	-	-	20,425
-	-	-	-	-	-
<u>51,992</u>	<u>112,847</u>	<u>78,811</u>	<u>98,027</u>	<u>-</u>	<u>-</u>
<u>6,188,109</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>
5,952	14,586	44,026	49,097	-	(1,483)
-	-	-	-	-	-
<u>(51,992)</u>	<u>(112,847)</u>	<u>(78,811)</u>	<u>(98,027)</u>	<u>-</u>	<u>-</u>
<u>(51,992)</u>	<u>(98,261)</u>	<u>(34,785)</u>	<u>(48,930)</u>	<u>-</u>	<u>(1,483)</u>
(368,554)	(323,784)	377,242	(652,694)	562,208	(536,558)
<u>1,062,488</u>	<u>509,111</u>	<u>1,391,623</u>	<u>1,329,906</u>	<u>437,750</u>	<u>932,878</u>
<u>\$ 693,934</u>	<u>\$ 185,327</u>	<u>\$ 1,768,865</u>	<u>\$ 677,212</u>	<u>\$ 999,958</u>	<u>\$ 396,320</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>GENERAL FUND</u>				
Non-Spendable - Prepays	\$ 78,982	\$ 87,663	\$ 86,209	\$ 75,920
Unassigned	3,257,254	3,341,248	3,142,289	3,045,170
Reserved	-	-	-	-
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL FUND	<u>\$3,336,236</u>	<u>\$ 3,428,911</u>	<u>\$ 3,228,498</u>	<u>\$ 3,121,090</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Restricted for:				
Confiscated Property	\$ 12,654	\$ 31,083	\$ 27,177	\$ 29,077
Court Security	86,406	121,374	112,123	101,870
Community Programs	110,074	101,110	100,452	91,169
Police Training	30,777	32,739	30,738	30,738
Court Technology	18,592	19,732	34,541	21,080
Comprehensive Plan	9,393	17,136	23,539	31,080
Street Maintenance	-	284,795	91,605	522,216
TNR Foster	8,035	5,834	7,917	89
Debt Service	55,856	166,589	186,690	106,281
Capital Projects	-	613,859	6,315,190	6,787,194
Committed for:				
Capital Replacement	527,378	440,692	595,448	532,004
Street Maintenance	26,763	765,000	565,000	265,000
Comprehensive Plans	20,000	20,000	20,000	20,000
Private Contributions	-	-	-	-
Assigned				
Capital Projects	955,423	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>\$1,861,351</u>	<u>\$ 3,674,305</u>	<u>\$ 9,163,398</u>	<u>\$ 8,800,461</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

2011**	2010	2009	2008*	2007	2006
\$ 75,920	\$ -	\$ -	\$ -	\$ -	\$ -
3,108,664	-	-	-	-	-
-	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>\$3,184,584</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>
\$ 21,341	\$ -	\$ -	\$ -	\$ -	\$ -
91,490	-	-	-	-	-
89,893	-	-	-	-	-
32,863	-	-	-	-	-
19,887	-	-	-	-	-
31,618	-	-	-	-	-
130,272	-	-	-	-	-
5,183	-	-	-	-	-
91,053	-	-	-	-	-
665,283	-	-	-	-	-
360,407	-	-	-	-	-
265,000	-	-	-	-	-
20,000	-	-	-	-	-
1,669	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	967,482	462,734	1,150,692	190,821	96,322
-	172,291	157,678	-	-	-
-	<u>2,373,135</u>	<u>3,279,979</u>	<u>3,837,766</u>	-	-
<u>\$1,825,959</u>	<u>\$3,512,908</u>	<u>\$3,900,391</u>	<u>\$4,988,458</u>	<u>\$ 190,821</u>	<u>\$ 96,322</u>

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>				
Taxes	\$ 7,326,071	\$ 6,875,122	\$ 6,658,836	\$ 6,103,019
Licenses and Permits	538,131	609,163	681,468	662,687
Intergovernmental	740,041	900,143	640,877	656,151
CIED Revenue	-	-	788,202	262,734
Charges for Services	1,184,844	1,186,961	1,188,092	1,179,384
Fines	270,080	229,579	257,425	270,141
Property Forfeitures	-	-	-	-
Investment Earnings	24,742	26,225	30,244	23,530
Miscellaneous	<u>89,804</u>	<u>89,286</u>	<u>84,222</u>	<u>77,093</u>
Total Revenues	<u>10,173,713</u>	<u>9,916,479</u>	<u>10,329,366</u>	<u>9,234,739</u>
<u>EXPENDITURES</u>				
General Government	1,604,852	1,502,037	1,401,356	1,492,486
Public Safety	5,005,896	4,844,906	4,577,375	4,656,160
Streets	475,997	381,888	359,306	406,039
Sanitation	690,782	653,466	653,829	622,976
Planning and Development	310,386	282,541	299,420	304,561
Parks and Recreation	263,406	237,043	238,372	268,689
Capital Outlay	2,864,168	6,911,167	1,533,213	384,076
Debt Service				
Principal	625,000	600,000	505,000	335,000
Interest and Fiscal Charges	248,325	268,014	347,668	164,272
Bond Issuance Cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,476</u>
Total Expenditures	<u>12,088,812</u>	<u>15,681,062</u>	<u>9,915,539</u>	<u>8,707,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,915,099)</u>	<u>(5,764,583)</u>	<u>413,827</u>	<u>527,004</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	(797,191)	(536,008)	(706,007)	(548,653)
Transfers Out	863,437	595,670	762,525	606,035
Capital Lease Obligation	-	360,000	-	-
Certificates of Obligation Issued	-	-	-	6,323,476
Proceeds from Insurance Settlement	(56,776)	56,241	-	-
Proceeds from Sale of Asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>9,470</u>	<u>475,903</u>	<u>56,518</u>	<u>6,380,858</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,905,629)</u>	<u>\$ (5,288,680)</u>	<u>\$ 470,345</u>	<u>\$ 6,907,862</u>
Debt Service as a Percentage of Noncapital Expenditures	9.47%	9.90%	10.17%	6.88%

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
\$ 6,088,227	\$ 6,206,928	\$ 6,116,024	\$6,673,918	\$5,037,871	\$4,533,565
512,904	498,825	441,461	963,420	656,563	482,435
690,788	658,207	1,205,965	579,948	413,103	300,063
-	-	-	-	-	-
1,175,542	874,228	871,054	1,265,903	644,866	469,981
293,518	230,560	233,010	315,618	162,819	260,383
-	-	773	999	14,607	-
16,612	19,415	69,751	592,904	324,131	177,247
<u>74,518</u>	<u>62,762</u>	<u>38,093</u>	<u>129,021</u>	<u>84,856</u>	<u>84,453</u>
<u>8,852,109</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>
1,526,938	1,580,794	1,490,087	2,161,187	1,563,761	1,682,805
4,594,071	4,441,142	4,337,680	5,939,688	3,864,711	3,809,941
348,415	316,185	316,634	514,566	336,491	301,730
669,803	653,442	695,262	1,114,018	799,174	809,469
291,935	374,318	441,920	434,864	186,315	4,966
248,308	245,576	215,912	292,611	175,034	193,946
2,506,894	1,616,058	2,532,652	1,634,153	-	-
300,000	270,000	240,000	235,000	-	-
176,358	186,890	196,812	182,041	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,514</u>	<u>-</u>	<u>-</u>
<u>10,662,722</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>(1,810,613)</u>	<u>(1,133,480)</u>	<u>(1,490,828)</u>	<u>(2,025,911)</u>	<u>413,330</u>	<u>(494,730)</u>
(604,628)	711,132	78,811	98,027	-	14,161
656,620	(598,285)	-	-	-	(14,161)
-	-	-	-	158,477	-
-	-	-	5,165,000	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,425</u>
<u>51,992</u>	<u>112,847</u>	<u>78,811</u>	<u>5,263,027</u>	<u>158,477</u>	<u>20,425</u>
<u>\$ (1,758,621)</u>	<u>\$ (1,020,633)</u>	<u>\$ (1,412,017)</u>	<u>\$ 3,237,116</u>	<u>\$ 571,807</u>	<u>\$ (474,305)</u>
5.84%	5.66%	5.51%	NA	NA	NA

CITY OF ALAMO HEIGHTS, TEXAS
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL PERIODS

TABLE 5

	<u>TAXABLE ASSESSED VALUE PERSONAL PROPERTY</u>	<u>TAXABLE ASSESSED VALUE REAL PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>
Year Ended September 30, 2015	\$ 34,135,262	\$ 1,421,781,934	\$ 1,455,917,196	0.390262
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

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
2015	0.336486 %	0.053776 %	0.390262 %	1.1950 %	0.2975 %	0.14915 %	0.276235 %	0.03429 %	2.34244 %
2014	0.325762	0.064500	0.390262	1.2050	0.2838	0.14915	0.276235	0.0482	2.35265
2013	0.319454	0.070808	0.390262	1.2180	0.2962	0.14915	0.276235	0.0480	2.37790
2012	0.316157	0.039505	0.355662	1.2180	0.2962	0.14915	0.276235	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

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	2015			2006		
	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	\$15,314,548	1	1.02%	\$ 12,583,570	1	1.25%
GLENN H HUDDLESTON	7,240,360	2	0.48%	3,465,760	7	0.35%
ALAMO HEIGHTS TREEHOUSE LTD	7,000,000	3	0.46%	5,080,500	4	0.51%
STEWART CENTER INC	6,989,976	4	0.46%			
CHRISTOPHER GOLDSBURY	6,666,290	5	0.44%	6,474,690	3	0.65%
BARNES WILLIAM MICHAEL &	5,685,780	6	0.38%	3,564,100	6	0.36%
GEORGE A GEIS	5,535,761	7	0.37%	4,301,150	5	0.43%
SOUTHWESTERN BELL TELEPHONE	5,054,455	8	0.34%	11,081,290	2	1.10%
BEXAR DIVERSIFIED INC MF-1	4,008,820	9	0.27%			
SCHNEIDER LOIS REV L/TR	3,734,000	10	0.25%			
SOUTHWEST FND FOR RESEARCH	-		-	3,020,600	8	0.30%
JEFFREY A AND ANNE Z ROCHELLE	-		-	3,000,000	9	0.30%
LINDA G McCOMBS	-		-	2,990,660	10	0.30%
TOTAL	<u>\$67,229,990</u>		<u>4.46%</u>	<u>\$ 55,562,320</u>		<u>5.54%</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
2015	\$5,449	\$5,415	99.38%	\$ -	\$ 5,415	98.38%
2014	5,208	5,123	98.37	66	5,189	99.64
2013	5,122	5,089	99.36	21	5,110	99.77
2012	4,619	4,582	99.18	27	4,609	99.78
2011	4,619	4,584	99.24	27	4,611	99.83
2010	4,763	4,718	99.06	38	4,756	99.86
2009	4,753	4,689	98.65	57	4,746	99.85
2008*	4,413	4,241	96.10	166	4,407	99.86
2007	3,846	3,691	95.97	150	3,841	99.87
2006	3,259	3,082	94.57	172	3,254	99.85

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			BUSINESS-TYPE ACTIVITIES		TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	COMBINATION TAX AND REVENUE BONDS CO's	GENERAL OBLIGATION BONDS	CAPITAL LEASES	COMBINATION TAX AND REVENUE BONDS CO's				
2015	\$ 2,575,000	\$ 5,799,158	\$ 214,352	\$ 1,610,000	\$ 10,198,510	1.85%	\$ 1,306	
2014	3,010,000	5,990,332	323,894	1,715,000	11,039,226	2.42	1,570	
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	

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

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2015	\$ 8,374,158	\$ 55,856	\$ 8,318,302	0.57%	\$ 1,066
2014	9,000,332	166,589	8,833,743	0.62	1,256
2013	9,601,506	186,690	9,414,816	0.67	1,339
2012	10,107,680	106,281	10,001,399	0.74	1,419
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	-

CITY OF ALAMO HEIGHTS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF
SEPTEMBER 30, 2015

TABLE 11

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid with Property Taxes			
Bexar County	\$ 1,574,605,000	1.36 %	\$21,414,628
Alamo Heights Independent School District	96,945,000	27.82	26,970,099
Bexar County Hospital District	695,560,000	1.36	9,459,616
Alamo Community College District	464,230,000	1.33	<u>6,174,259</u>
Subtotal, Overlapping Debt			64,018,602
City Governmental Activities Direct Debt	9,965,000	100.00	<u>9,965,000</u>
			9,965,000
 TOTAL NET OVERLAPPING DEBT			 <u><u>\$73,983,602</u></u>

NOTES

- (1) As of September 30, 2015
(2) As of June 30, 2015

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>
2015	7,806	\$ 550,018,566	\$ 70,461	44	15.70	4,800	3.70%
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

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

<u>EMPLOYER</u>	<u>2015</u>			<u>2006</u>		
	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT (2)</u>
Lackland Air Force Base	37,097	1	3.77%	N/A	N/A	N/A
Fort Sam Houston	32,000	2	3.25%	N/A	N/A	N/A
H.E.B. Food Stores	21,000	3	2.13%	N/A	N/A	N/A
United Services Automobile Assoc	17,000	4	1.73%	N/A	N/A	N/A
Northside Independent School Dist	13,161	5	1.34%	N/A	N/A	N/A
City of San Antonio	11,992	6	1.22%	N/A	N/A	N/A
Randolph Air Force Base	11,068	7	1.12%	N/A	N/A	N/A
North East Independent School Dist	10,052	8	1.02%	N/A	N/A	N/A
Methodist Healthcare System	8,600	9	0.87%	N/A	N/A	N/A
Wells Fargo	<u>6,100</u>	10	0.62%	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTALS	<u>168,070</u>		<u>17.06%</u>	<u>-</u>		<u>-</u>

NOTES

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

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

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

TABLE 14

<u>FUNCTION/PROGRAM</u>	<u>2015</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>
General Government										
Administration	8	8	9	9	9	9	9	9	8	9
Municipal Court	1	1	1	1	1	1	1	1	1	1
Planning and Development	3	3	3	3	3	4	4	3	4	0
Public Safety										
Police	24	24	24	24	23	23	24	22	23	26
Communications Center	10	9	9	9	9	9	9	9	9	9
Fire	20	20	20	20	20	20	20	20	20	23
EMS	8	9	9	9	9	9	9	9	6	6
Public Works										
Public Works Administration	1	1	1	1	2	3	2	2	2	4
Parks	4	4	4	4	4	4	4	4	4	4
Streets	4	4	4	4	4	4	6	5	5	4
Solid Waste	10	10	10	10	10	10	9	10	10	9
Utilities	8	8	8	8	8	8	8	7	5	7
TOTALS	<u>101</u>	<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>

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 current 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government				
Building permits issued	132	267	298	360
Police				
Arrests	249	205	224	261
Parking Violations	428	303	269	528
Traffic Violations	5,392	6,169	5622	5964
Fire				
Number of calls answered	1400	1500	1255	1495
Number of fire responses	526	652	483	587
Number of EMS responses	874	848	772	908
Number of Inspections	372	484	414	824
Number of training classes	1009	752	725	376
Water				
New connections	25	23	2	3
Water Main Breaks	11	8	6	8
Total consumption (gallons)	552,095,866	644,466,602	682,036,363	564,345,957
Daily average consumption (gallons)	1,512,591	1,765,662	1,868,592	1,567,628
Number of Service Connections	3046	2963	2940	2938
Average daily use per connection	497	596	636	534
Sewer				
Total customers	2746	2688	2686	2686

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
343	333	353	747	524	458
280	543	671	817	N/A	N/A
579	362	880	536	221	317
8,831	7,545	7,138	11,284	7,148	8,234
1,433	1,530	1,288	1,799	1,172	1,193
562	641	518	625	382	345
871	889	770	1,174	790	848
862	326	465	1,732	1,181	1,046
993	91	85	850	626	508
1	2	0	32	107	16
11	20	35	71	N/A	N/A
646,653,046	502,069,233	656,106,936	855,352,863	669,899,977	705,892,237
1,796,258	1,394,637	1,822,519	1,583,986	1,860,833	1,960,812
2,979	2,906	2,902	2,907	2,875	2,768
603	480	628	545	647	708
2,711	2,683	2,661	2,671	2,658	2,630

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

<u>FUNCTION/PROGRAM</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</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	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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008*</u>	<u>2007</u>	<u>2006</u>
1	1	1	1	1	1
7	6	6	6	6	6
1	1	1	1	1	1
2	2	2	2	2	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	1	1	1	1	1
2	2	2	2	2	2
1	-	-	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
44.2	44.2	44.2	44.2	44.2	44.2
32	32	32	32	32	32