

CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025



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



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INTRODUCTORY SECTION



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



March 23, 2026

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

The Annual Comprehensive Financial Report (ACFR) of the City of Alamo Heights, Texas (City) for the year ended September 30, 2025 is hereby submitted. The report has been coordinated by the City's Administration and Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

ABIP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Alamo Heights financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

Under the council-manager form of government, the City Council is responsible for the legislative function of the City such as establishing policy, passing local ordinances, voting appropriations, and developing an overall vision for the City. The City Council appoints a City 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 approximately 56 percent of general fund revenues. The City's revenue sources remained strong through the entire Fiscal Year ending September 30, 2025.

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

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

FINANCIAL INFORMATION

Budgetary Controls

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

Financial Policy

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

Debt Policy

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

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

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

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

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

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

Relevant Financial Policies

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

In November 2008 voters approved a ¼ cent sales tax for a 4-year period to fund street maintenance. A Street Maintenance Fund was created to account for the revenues and expenditures associated with the maintenance of City streets. The voters reauthorized this tax in November 2016. Residents voted to approve an additional ¼ cent sales tax in May 2017 for a total of a ½ cent sales tax dedicated for street maintenance. The ½ dedicated street maintenance tax was re-authorized by voters in May 2025.

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. At the beginning of fiscal year 2025 the City moved up some Capital Replacement items to be funded by the remaining ARPA funds.

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

MAJOR INITIATIVES

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

During the 2024-2025 fiscal year, the City continued a number of strategic initiatives, the most significant of these are:

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

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

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alamo Heights for its annual comprehensive financial report for the twelve months ended September 30, 2024. This was the twenty-eighth consecutive period that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

Buddy Kuhn

Buddy Kuhn
City Manager





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Alamo Heights
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO

CITY OF ALAMO HEIGHTS, TEXAS
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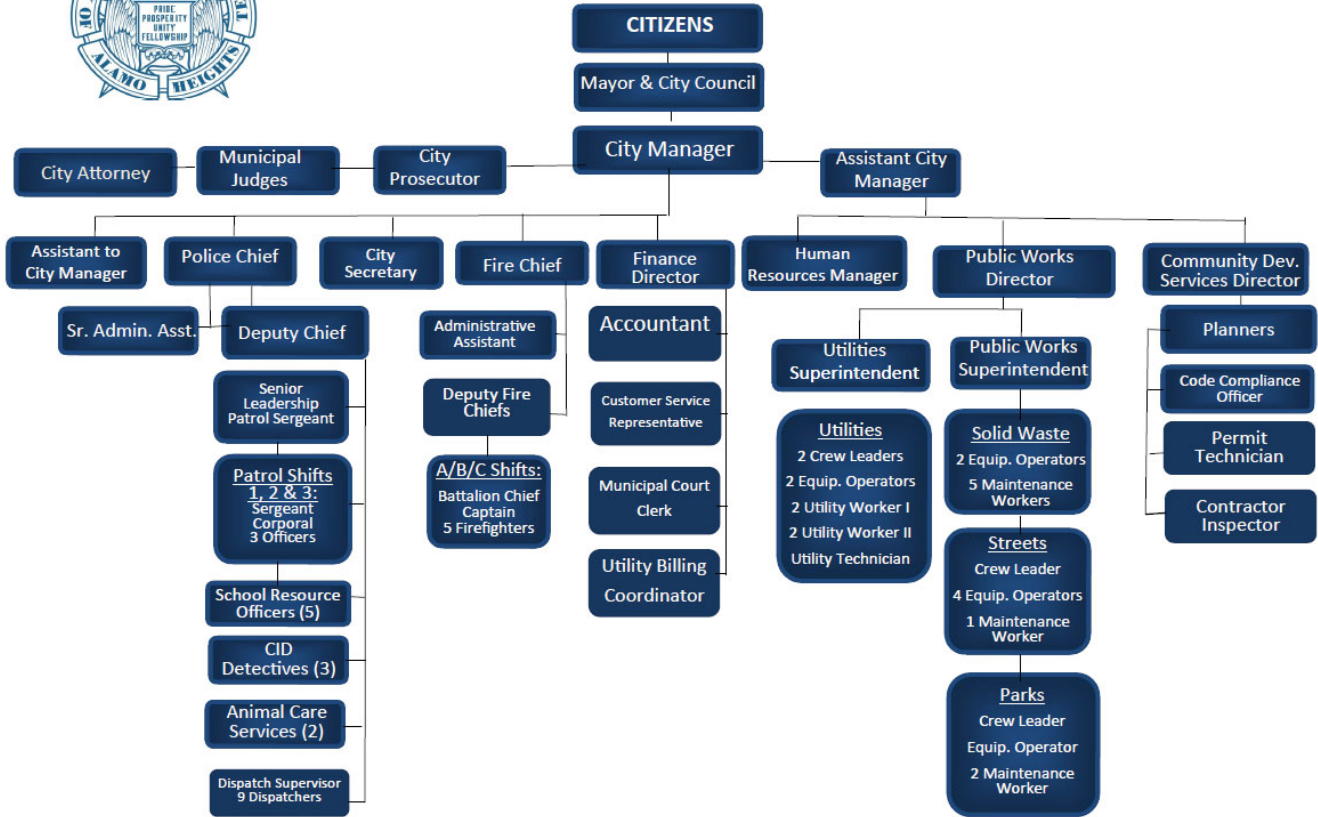
CITY OFFICIALS

| | |
|--|---|
| Mayor | Al Honigblum |
| Council Members | Lawson Jessee Karl P. Baker Blake M. Bonner Lynda Billa Burke Trey Jacobson |
| City Manager | Buddy Kuhn |
| Assistant City Manager | Phil Laney |
| City Secretary | Elsa T. Robles, TRMC |
| City Attorney - Davidson Troilo Ream and Garza | Frank Garza |
| Director of Finance | Kristine Horton |
| Community Development Director | Lety Hernandez |
| Public Works Director | Frank Orta |
| Fire Chief | Allen Ottmers |
| Police Chief | Rick Pruitt |

CITY OF ALAMO HEIGHTS, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025



CITY OF ALAMO HEIGHTS ORGANIZATIONAL CHART





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025 and the respective changes in financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2025, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, nonmajor funds schedule of revenue, expenditures, and changes in fund balance-budget and actual, statistical section and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026 on our consideration of the City of Alamo Heights, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Information

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

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

ABIP, PC

San Antonio, Texas
March 23, 2026



CITY OF ALAMO HEIGHTS, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the year ended September 30, 2025

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, 2025. 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 \$8,159,317 and increased by 1.20% 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, 2025 was \$1,486,394 as compared to \$1,683,548 for the year ended September 30, 2024.
- The City's change in net position, which includes all activity types, increased this year by \$5,165,139.

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 as well as deferred inflows and outflows. Net position is the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All 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, American Rescue Plan Act (ARPA) grant fund, eight special revenue funds, a capital projects funds, a capital replacement 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37,637,601 at September 30, 2025. Of this amount, \$15,605,798 or approximately 41% 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 32% 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 \$33,865,366, or approximately 49% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of \$69,496,078. Long-term liabilities amounted to \$21,631,050, which represents net pension liability, other postemployment benefits liability, certificates of obligations, general obligations, premiums on bonds, lease, and amounts accrued for compensated absences.

Statement of Net Position

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|----------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Assets | | | | | | |
| Other assets | \$ 42,812,114 | \$ 43,656,514 | \$ 4,452,854 | \$ 3,599,495 | \$ 47,264,968 | \$ 47,256,009 |
| Capital assets | <u>12,195,911</u> | <u>10,434,300</u> | <u>10,035,199</u> | <u>9,753,939</u> | <u>22,231,110</u> | <u>20,188,239</u> |
| Total assets | <u>55,008,025</u> | <u>54,090,814</u> | <u>14,488,053</u> | <u>13,353,434</u> | <u>69,496,078</u> | <u>67,444,248</u> |
| Deferred outflows of resources | <u>1,200,023</u> | <u>1,766,229</u> | <u>122,300</u> | <u>251,011</u> | <u>1,322,323</u> | <u>2,017,240</u> |
| Liabilities | | | | | | |
| Long-term liabilities | | | | | | |
| Due within one year | 1,234,316 | 1,181,979 | 168,355 | 160,064 | 1,402,671 | 1,342,043 |
| Due in more than one year | 18,573,047 | 20,317,632 | 927,340 | 1,165,126 | 19,500,387 | 21,482,758 |
| Other liabilities | <u>457,268</u> | <u>2,254,373</u> | <u>270,724</u> | <u>276,895</u> | <u>727,992</u> | <u>2,531,268</u> |
| Total liabilities | <u>20,264,631</u> | <u>23,753,984</u> | <u>1,366,419</u> | <u>1,602,085</u> | <u>21,631,050</u> | <u>25,356,069</u> |
| Deferred inflows of resources | <u>11,526,540</u> | <u>11,596,156</u> | <u>23,210</u> | <u>36,801</u> | <u>11,549,750</u> | <u>11,632,957</u> |
| Net position | | | | | | |
| Net investment in capital assets | 11,739,571 | 11,636,003 | 9,724,687 | 9,295,671 | 21,464,258 | 20,931,674 |
| Restricted | 567,545 | 1,288,148 | - | - | 567,545 | 1,288,148 |
| Unrestricted | <u>12,109,761</u> | <u>7,582,752</u> | <u>3,496,037</u> | <u>2,669,888</u> | <u>15,605,798</u> | <u>10,252,640</u> |
| Total net position | <u>\$ 24,416,877</u> | <u>\$ 20,506,903</u> | <u>\$ 13,220,724</u> | <u>\$ 11,965,559</u> | <u>\$ 37,637,601</u> | <u>\$ 32,472,462</u> |

Statement of Activities

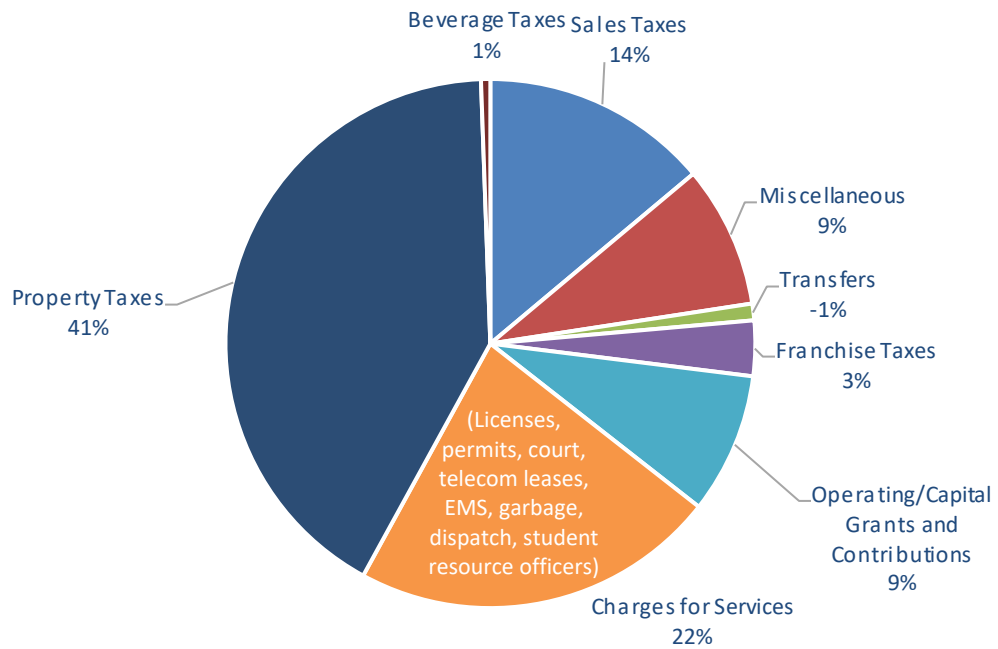
At September 30, 2025, the governmental activities ended with an overall increase in net position of \$3,909,974. Property taxes account for approximately 48% of governmental activities revenues and increased in the current year due to an increase in property tax valuations.

The net position in the business-type activities increased by \$1,255,165. The net position provides for the operation and maintenance of the City's water distribution and sanitary sewer systems and for the provision of water and sewer services to its customers.

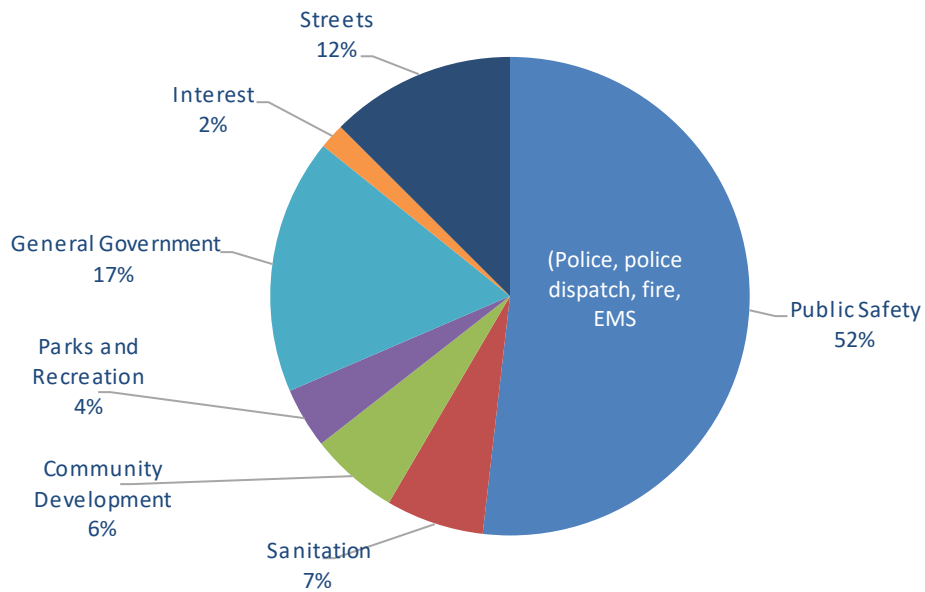
Changes in Net Position

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|---|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| REVENUES | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,406,118 | \$ 3,615,951 | \$ 5,012,480 | \$ 4,488,109 | \$ 9,418,598 | \$ 8,104,060 |
| Operating grants and contributions | 1,691,713 | 62,046 | - | - | 1,691,713 | 62,046 |
| General revenues: | | | | | | |
| Property taxes | 8,159,317 | 8,062,792 | - | - | 8,159,317 | 8,062,792 |
| Sales taxes | 2,735,697 | 2,516,730 | - | - | 2,735,697 | 2,516,730 |
| Franchise taxes | 667,092 | 685,901 | - | - | 667,092 | 685,901 |
| Beverage taxes | 111,813 | 115,044 | - | - | 111,813 | 115,044 |
| Unrestricted investment earnings | 1,486,394 | 1,686,014 | 62,763 | 31,771 | 1,549,157 | 1,717,785 |
| Miscellaneous | 122,367 | 117,338 | 7,862 | 10,410 | 130,229 | 127,748 |
| Sale of capital assets | 99,807 | 1,565 | - | - | 99,807 | 1,565 |
| Total revenues | <u>19,480,318</u> | <u>16,863,381</u> | <u>5,083,105</u> | <u>4,530,290</u> | <u>24,563,423</u> | <u>21,393,671</u> |
| EXPENSES | | | | | | |
| General government | 2,655,321 | 2,621,414 | - | - | 2,655,321 | 2,621,414 |
| Public safety | 7,964,566 | 7,207,302 | - | - | 7,964,566 | 7,207,302 |
| Streets | 1,920,896 | 1,527,747 | - | - | 1,920,896 | 1,527,747 |
| Sanitation | 1,016,249 | 1,019,313 | - | - | 1,016,249 | 1,019,313 |
| Community development | 922,374 | 673,396 | - | - | 922,374 | 673,396 |
| Parks and recreation | 629,898 | 544,630 | - | - | 629,898 | 544,630 |
| Interest and other fees | 261,855 | 239,164 | - | - | 261,855 | 239,164 |
| Utility | - | - | 4,027,125 | 3,859,733 | 4,027,125 | 3,859,733 |
| Total expenses | <u>15,371,159</u> | <u>13,832,966</u> | <u>4,027,125</u> | <u>3,859,733</u> | <u>19,398,284</u> | <u>17,692,699</u> |
| Increase (decrease) in net position before transfers | 4,109,159 | 3,030,415 | 1,055,980 | 670,557 | 5,165,139 | 3,700,972 |
| TRANSFERS | <u>(199,185)</u> | <u>92,748</u> | <u>199,185</u> | <u>(92,748)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 3,909,974 | 3,123,163 | 1,255,165 | 577,809 | 5,165,139 | 3,700,972 |
| NET POSITION – BEGINNING | <u>20,506,903</u> | <u>17,383,740</u> | <u>11,965,559</u> | <u>11,387,750</u> | <u>32,472,462</u> | <u>28,771,490</u> |
| NET POSITION – ENDING | <u>\$ 24,416,877</u> | <u>\$ 20,506,903</u> | <u>\$ 13,220,724</u> | <u>\$ 11,965,559</u> | <u>\$ 37,637,601</u> | <u>\$ 32,472,462</u> |

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



Financial Analysis of the Governmental Funds

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

Governmental Funds

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

The general fund is the chief operating fund of the City. The primary source of revenue in the general fund consists of property taxes. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$8,678,562 compared to \$6,593,651 in 2024, an increase of \$2,084,911. Tax revenues for the year increased primarily due to a 2.1% rise in certified property values from the previous year. The fund balance reflects a point in time and the effect of the tax cycle.

The City's capital projects fund had a change in fund balance of \$738,497 because of investment income and the City transferred \$80,000 from the general fund to assist with project costs.

The City's ARPA grant fund had investment revenue of \$38,040 and grant allowable capital outlay expenditures of \$1,246,972 and was subject to single audit in the current year. Although it does not meet the quantitative criteria, it is included as a major fund due to its qualitative importance in managing federal grant resources.

The City's other governmental funds decreased fund balance by \$1,529,819 during the fiscal year due primarily to capital outlay expenditures. At September 30, 2025, \$560,456 was restricted for various other governmental activities and \$4,645,634 was committed for capital replacement and the comprehensive plan.

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 \$5,020,342, expenses were \$4,012,606, net transfers from other funds were \$199,185. This resulted in a \$1,255,165 increase in net position. The primary cause of the increase in net position was due to an increase in charges for services as a result of an increase in rates and consumption. Net position at year end was \$13,220,724.

General Fund Budgetary Highlights

The revision in the budget were amounts to increase transfer out.

Total revenues were over budget by \$1,223,790 and expenditures were under budget by \$406,934. The savings in expenditures are across departments and mainly attributable to a decrease in personnel spending. Significant budgetary variances during the period ended September 30, 2025 included the following:

- A majority of the positive expense budget variance was attributed to personnel expenses.

Capital Assets

At the end of 2025, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) \$12,195,911 and \$10,035,199, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture, office equipment, computers, infrastructure and the utility system. Depreciation expense for the year was \$2,129,544 and \$449,026 for governmental and business-type activities, respectively. For more detail on capital assets, refer to note 3 of the financial statements.

Schedule of Change in Capital Assets

Capital Assets (Net of Depreciation)

| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
|------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | ACTIVITIES | | ACTIVITIES | | | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | \$ 1,479,580 | \$ 1,479,580 | \$ - | \$ - | \$ 1,479,580 | \$ 1,479,580 |
| Water rights | - | - | 1,078,430 | 1,078,430 | 1,078,430 | 1,078,430 |
| Construction in progress | 154,582 | 221,419 | 1,007,852 | 598,999 | 1,162,434 | 820,418 |
| Buildings | 5,764,051 | 5,861,478 | - | - | 5,764,051 | 5,861,478 |
| Infrastructure | 2,182,693 | 1,527,900 | - | - | 2,182,693 | 1,527,900 |
| Improvements other than buildings | 749,524 | 937,707 | - | - | 749,524 | 937,707 |
| Furniture, fixtures, and equipment | 1,844,838 | 357,435 | 268,909 | 46,002 | 2,113,747 | 403,437 |
| Right to use asset | 20,643 | 48,781 | - | - | 20,643 | 48,781 |
| Utility system | - | - | 7,680,008 | 8,030,508 | 7,680,008 | 8,030,508 |
| Totals | <u>\$ 12,195,911</u> | <u>\$ 10,434,300</u> | <u>\$ 10,035,199</u> | <u>\$ 9,753,939</u> | <u>\$ 22,231,110</u> | <u>\$ 20,188,239</u> |

Long-Term Debt

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

| | GOVERNMENTAL | | BUSINESS-TYPE | | TOTAL | |
|--------------------------|----------------------|----------------------|-------------------|-------------------|----------------------|----------------------|
| | ACTIVITIES | | ACTIVITIES | | | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| General obligation | \$ 13,420,000 | \$ 14,410,000 | \$ 305,000 | \$ 450,000 | \$ 13,725,000 | \$ 14,860,000 |
| Leases and subscriptions | 17,491 | 38,929 | - | - | 17,491 | 38,929 |
| Bond premium | 418,419 | 463,768 | 16,907 | 25,361 | 435,326 | 489,129 |
| Compensated absences | 713,656 | 533,550 | 63,952 | 28,722 | 777,608 | 562,272 |
| Total debt | <u>\$ 14,569,566</u> | <u>\$ 15,446,247</u> | <u>\$ 385,859</u> | <u>\$ 504,083</u> | <u>\$ 14,955,425</u> | <u>\$ 15,950,330</u> |

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

Economic Factors

The economy in Alamo Heights, Texas is very stable because property tax, franchise tax and sales tax revenue make up 65% of the General Fund revenue. Property valuations have steadily increased, and sales taxes are stable.

Request for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF NET POSITION

September 30, 2025

| | <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS-TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|--|------------------------------------|-------------------------------------|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 25,178,983 | \$ 3,686,383 | \$ 28,865,366 |
| Investments | 5,000,000 | - | 5,000,000 |
| Receivables - net of allowances for uncollectibles: | | | |
| Taxes | 337,744 | - | 337,744 |
| Accounts | 900,423 | 724,800 | 1,625,223 |
| Lease | 11,390,596 | - | 11,390,596 |
| Prepays | 4,368 | 603 | 4,971 |
| Restricted assets: | | | |
| Cash and cash equivalents | - | 41,068 | 41,068 |
| Capital assets not being depreciated | | | |
| Land | 1,479,580 | - | 1,479,580 |
| Water rights | - | 1,078,430 | 1,078,430 |
| Construction in progress | 154,582 | 1,007,852 | 1,162,434 |
| Capital assets - net of: | | | |
| Accumulated depreciation | | | |
| Buildings | 5,764,051 | - | 5,764,051 |
| Infrastructure | 2,182,693 | - | 2,182,693 |
| Improvements other than buildings | 749,524 | - | 749,524 |
| Utility system | - | 7,680,008 | 7,680,008 |
| Right to use assets | 20,643 | - | 20,643 |
| Furniture, fixtures, and equipment | <u>1,844,838</u> | <u>268,909</u> | <u>2,113,747</u> |
| Total assets | <u>55,008,025</u> | <u>14,488,053</u> | <u>69,496,078</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows - loss on refunding | 44,490 | 11,395 | 55,885 |
| Deferred outflows related to TMRS pension | 1,113,110 | 106,567 | 1,219,677 |
| Deferred outflows related to TMRS OPEB | <u>42,423</u> | <u>4,338</u> | <u>46,761</u> |
| Total deferred outflows of resources | <u>1,200,023</u> | <u>122,300</u> | <u>1,322,323</u> |

(continued)

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

CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF NET POSITION

September 30, 2025

| | <u>GOVERNMENTAL ACTIVITIES</u> | <u>BUSINESS-TYPE ACTIVITIES</u> | <u>TOTAL</u> |
|--|------------------------------------|-------------------------------------|--------------------------|
| LIABILITIES | | | |
| Accounts payable | \$ 201,875 | \$ 172,538 | \$ 374,413 |
| Other payables | - | 22,243 | 22,243 |
| Accrued payroll | 203,190 | 28,940 | 232,130 |
| Accrued interest | 38,733 | 1,525 | 40,258 |
| Unearned revenues | 13,470 | - | 13,470 |
| Payable from restricted assets: | | | |
| Customer deposits | - | 41,068 | 41,068 |
| Long-term liabilities: | | | |
| Long-term debt and liabilities due within one year | 1,198,050 | 168,355 | 1,366,405 |
| OPEB liability due within one year | 36,266 | 4,410 | 40,676 |
| Long-term debt and liabilities due in more than one year | 13,371,516 | 217,504 | 13,589,020 |
| Net pension liability | 4,914,386 | 670,144 | 5,584,530 |
| OPEB liability due in more than one year | <u>287,145</u> | <u>39,692</u> | <u>326,837</u> |
| Total liabilities | <u>20,264,631</u> | <u>1,366,419</u> | <u>21,631,050</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to TMRS pension | 423,326 | 12,506 | 435,832 |
| Deferred inflows related to TMRS OPEB | 78,489 | 10,704 | 89,193 |
| Deferred inflows related to leases | <u>11,024,725</u> | <u>-</u> | <u>11,024,725</u> |
| Total deferred inflows of resources | <u>11,526,540</u> | <u>23,210</u> | <u>11,549,750</u> |
| NET POSITION | | | |
| Net investment in capital assets | 11,739,571 | 9,724,687 | 21,464,258 |
| Restricted for: | | | |
| Confiscated property | 22,881 | - | 22,881 |
| Court security | 115,560 | - | 115,560 |
| Community programs | 14,922 | - | 14,922 |
| Police training | 34,290 | - | 34,290 |
| Court technology | 26,277 | - | 26,277 |
| Street maintenance | 35,972 | - | 35,972 |
| Animal services | 33,944 | - | 33,944 |
| Debt service | 276,610 | - | 276,610 |
| ARPA | 7,089 | - | 7,089 |
| Unrestricted | <u>12,109,761</u> | <u>3,496,037</u> | <u>15,605,798</u> |
| Total net position | <u>\$ 24,416,877</u> | <u>\$ 13,220,724</u> | <u>\$ 37,637,601</u> |

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



CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF ACTIVITIES

Year ended September 30, 2025

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | |
|-------------------------------|----------------------|----------------------|------------------------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS |
| Primary government | | | |
| Governmental activities: | | | |
| General government | \$ 2,655,321 | \$ 2,390,994 | \$ 1,687,733 |
| Public safety | 7,964,566 | 1,306,374 | 3,980 |
| Streets | 1,920,896 | - | - |
| Sanitation | 1,016,249 | 708,750 | - |
| Community development | 922,374 | - | - |
| Parks and recreation | 629,898 | - | - |
| Interest | <u>261,855</u> | <u>-</u> | <u>-</u> |
| Total governmental activities | 15,371,159 | 4,406,118 | 1,691,713 |
| Business-type activities: | | | |
| Utility | <u>4,027,125</u> | <u>5,012,480</u> | <u>-</u> |
| Total government | <u>\$ 19,398,284</u> | <u>\$ 9,418,598</u> | <u>\$ 1,691,713</u> |

General revenues

Taxes:

 Property taxes

 Sales taxes

 Franchise taxes

 Beverage taxes

Investment earnings

Miscellaneous

Gain on disposal of capital assets

Transfers

 Total general revenues and transfers

Change in net position

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

NET (EXPENSES) REVENUES AND
CHANGE IN NET POSITION

| GOVERNMENTAL ACTIVITIES | BUSINESS- TYPE ACTIVITIES | TOTAL |
|----------------------------|---------------------------------|----------------------|
| \$ 1,423,406 | \$ - | \$ 1,423,406 |
| (6,654,212) | - | (6,654,212) |
| (1,920,896) | - | (1,920,896) |
| (307,499) | - | (307,499) |
| (922,374) | - | (922,374) |
| (629,898) | - | (629,898) |
| <u>(261,855)</u> | <u>-</u> | <u>(261,855)</u> |
| (9,273,328) | - | (9,273,328) |
| - | <u>985,355</u> | <u>985,355</u> |
| <u>(9,273,328)</u> | <u>985,355</u> | <u>(8,287,973)</u> |
| 8,159,317 | - | 8,159,317 |
| 2,735,697 | - | 2,735,697 |
| 667,092 | - | 667,092 |
| 111,813 | - | 111,813 |
| 1,486,394 | 62,763 | 1,549,157 |
| 122,367 | 7,862 | 130,229 |
| 99,807 | - | 99,807 |
| <u>(199,185)</u> | <u>199,185</u> | <u>-</u> |
| <u>13,183,302</u> | <u>269,810</u> | <u>13,453,112</u> |
| 3,909,974 | 1,255,165 | 5,165,139 |
| <u>20,506,903</u> | <u>11,965,559</u> | <u>32,472,462</u> |
| <u>\$ 24,416,877</u> | <u>\$ 13,220,724</u> | <u>\$ 37,637,601</u> |

CITY OF ALAMO HEIGHTS, TEXAS

BALANCE SHEET – GOVERNMENTAL FUNDS

September 30, 2025

| | <u>GENERAL FUND</u> | <u>ARPA GRANT</u> | <u>CAPITAL PROJECTS FUND</u> |
|---|-------------------------|-----------------------|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,287,458 | \$ 22,399 | \$ 11,802,052 |
| Investments | - | - | 5,000,000 |
| Receivables - net of allowances for uncollectibles | | | |
| Taxes, net | 156,899 | - | - |
| Accounts, net | 900,423 | - | - |
| Prepays | 4,368 | - | - |
| Lease receivable | <u>11,390,596</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 20,739,744</u> | <u>\$ 22,399</u> | <u>\$ 16,802,052</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 182,130 | \$ 1,840 | \$ - |
| Accrued liabilities | 203,190 | - | - |
| Unearned revenue | <u>-</u> | <u>13,470</u> | <u>-</u> |
| Total liabilities | <u>385,320</u> | <u>15,310</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Taxes | 148,976 | - | - |
| Lease | 11,024,725 | - | - |
| Warrants | <u>497,793</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>11,671,494</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | |
| Non-spendable - prepaids | 4,368 | - | - |
| Restricted for: | | | |
| Confiscated property | - | - | - |
| Court security | - | - | - |
| Community programs | - | - | - |
| Police training | - | - | - |
| Court technology | - | - | - |
| Street maintenance | - | - | - |
| Animal services | - | - | - |
| Debt service | - | - | - |
| Capital projects | - | - | 13,355,080 |
| American Rescue Plan | - | 7,089 | - |
| Committed for: | | | |
| Capital projects | - | - | 3,446,972 |
| Comprehensive plan | - | - | - |
| Unassigned | <u>8,678,562</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>8,682,930</u> | <u>7,089</u> | <u>16,802,052</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 20,739,744</u> | <u>\$ 22,399</u> | <u>\$ 16,802,052</u> |

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

| OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------|--------------------------------|
| \$ 5,067,074 | \$ 25,178,983 |
| - | 5,000,000 |
| 180,845 | 337,744 |
| - | 900,423 |
| - | 4,368 |
| - | <u>11,390,596</u> |
| <u>\$ 5,247,919</u> | <u>\$ 42,812,114</u> |
| \$ 17,905 | \$ 201,875 |
| - | 203,190 |
| - | 13,470 |
| <u>17,905</u> | <u>418,535</u> |
| 23,924 | 172,900 |
| - | 11,024,725 |
| - | 497,793 |
| <u>23,924</u> | <u>11,695,418</u> |
| - | 4,368 |
| 22,881 | 22,881 |
| 115,560 | 115,560 |
| 14,922 | 14,922 |
| 34,290 | 34,290 |
| 26,277 | 26,277 |
| 35,972 | 35,972 |
| 33,944 | 33,944 |
| 276,610 | 276,610 |
| - | 13,355,080 |
| - | 7,089 |
| 2,350,019 | 5,796,991 |
| 2,295,615 | 2,295,615 |
| - | 8,678,562 |
| <u>5,206,090</u> | <u>30,698,161</u> |
| <u>\$ 5,247,919</u> | <u>\$ 42,812,114</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

September 30, 2025

| | |
|--|-----------------------------|
| TOTAL FUND BALANCES – TOTAL GOVERNMENTAL FUNDS | \$ 30,698,161 |
| 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. | 12,195,911 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 670,693 |
| Accrued vacation leave payable is not due and payable in the current period and, therefore not reported in the funds. | (713,656) |
| Long-term liabilities, which includes certificates of obligation bonds, general obligation bonds, premiums and lease payable, are not due and payable in the current period and, therefore, not reported in the funds. | (13,855,910) |
| Deferred amounts on refunding bonds are deferred outflows of resources and, therefore, are not reported in the funds. | 44,490 |
| Net pension liability, other postemployment benefit liability, and related deferred inflows and outflows of resources are not due and payable in the current period and, therefore, not reported in the funds. | (4,584,079) |
| Accrued interest payable on certificates of obligation are not due and payable in the current period and, therefore, not reported in the funds. | <u>(38,733)</u> |
| Net position of governmental activities - statement of net position | <u><u>\$ 24,416,877</u></u> |

(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**

For the year ended September 30, 2025

| | <u>GENERAL FUND</u> | <u>ARPA GRANT</u> | <u>CAPITAL PROJECTS FUND</u> |
|---------------------------------------|-------------------------|-----------------------|--------------------------------------|
| REVENUES | | | |
| Taxes | \$ 9,532,860 | \$ - | \$ - |
| Licenses and permits | 1,260,279 | - | - |
| Intergovernmental | 997,597 | 1,500,865 | - |
| Charges for services | 1,738,415 | - | - |
| Fines | 277,793 | - | - |
| Investment earnings | 755,882 | 38,040 | 692,473 |
| Miscellaneous | <u>110,357</u> | <u>-</u> | <u>-</u> |
| Total revenues | <u>14,673,183</u> | <u>1,538,905</u> | <u>692,473</u> |
| EXPENDITURES | | | |
| General government | 2,352,089 | - | - |
| Public safety | 7,454,875 | - | - |
| Streets | 660,877 | - | 33,976 |
| Sanitation | 947,081 | - | - |
| Planning and development | 610,266 | - | - |
| Parks and recreation | 391,970 | - | - |
| Capital outlay | 11,184 | 1,246,972 | - |
| Debt service: | | | |
| Principal | 21,438 | - | - |
| Interest and fiscal charges | <u>1,054</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>12,450,834</u> | <u>1,246,972</u> | <u>33,976</u> |
| Excess of revenues over expenditures | <u>2,222,349</u> | <u>291,933</u> | <u>658,497</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Gain on disposal of capital assets | 9,949 | - | - |
| Transfer out | (345,607) | (291,933) | - |
| Transfer in | <u>92,748</u> | <u>-</u> | <u>80,000</u> |
| Total other financing sources (uses) | <u>(242,910)</u> | <u>(291,933)</u> | <u>80,000</u> |
| Net change in fund balances | 1,979,439 | - | 738,497 |
| FUND BALANCES – BEGINNING | <u>6,703,491</u> | <u>7,089</u> | <u>16,063,555</u> |
| FUND BALANCES – ENDING | <u>\$ 8,682,930</u> | <u>\$ 7,089</u> | <u>\$ 16,802,052</u> |

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

| OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--------------------------------|--------------------------------|
| \$ 2,217,820 | \$ 11,750,680 |
| - | 1,260,279 |
| 182,447 | 2,680,909 |
| - | 1,738,415 |
| - | 277,793 |
| - | 1,486,395 |
| <u>12,010</u> | <u>122,367</u> |
| <u>2,412,277</u> | <u>19,316,838</u> |
| 19,977 | 2,372,066 |
| 23,969 | 7,478,844 |
| - | 694,853 |
| - | 947,081 |
| 305,853 | 916,119 |
| - | 391,970 |
| 2,632,999 | 3,891,155 |
| 990,000 | 1,011,438 |
| <u>324,763</u> | <u>325,817</u> |
| <u>4,297,561</u> | <u>18,029,343</u> |
| <u>(1,885,284)</u> | <u>1,287,495</u> |
| 89,858 | 99,807 |
| - | (637,540) |
| <u>265,607</u> | <u>438,355</u> |
| <u>355,465</u> | <u>(99,378)</u> |
| (1,529,819) | 1,188,117 |
| <u>6,735,909</u> | <u>29,510,044</u> |
| <u>\$ 5,206,090</u> | <u>\$ 30,698,161</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 1,188,117

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$2,129,544) was less than capital outlay \$3,891,155. 1,761,611

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 63,671

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position. 990,000

The repayment of the principal of lease and subscription liabilities consumes the current financial resources of governmental funds but has no effect on net position. 21,438

The amortization of bond premium and losses on refunding do not require the use of current financial resources, and therefore, are not reported in the funds. 38,994

Change in net pension liability, other postemployment benefits liability, and related deferred inflows and outflows do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 23,773

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. (177,630)

Change in net position of governmental activities \$ 3,909,974

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

CITY OF ALAMO HEIGHTS, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2025

ASSETS

Current assets:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 3,686,383 |
| Investments | | - |
| Receivables - net of allowance for uncollectibles | | 724,800 |
| Restricted cash and cash equivalents: | | |
| Customer deposits - restricted | | 41,068 |
| Prepays | | 603 |
| Total current assets | | <u>4,452,854</u> |

Noncurrent assets:

Capital assets:

| | | |
|------------------------------------|--|--------------------|
| Water rights | | 1,078,430 |
| Construction in progress | | 1,007,852 |
| Utility system | | 15,143,720 |
| Furniture, fixtures, and equipment | | 1,095,098 |
| Totals | | <u>18,325,100</u> |
| Less: accumulated depreciation | | <u>(8,289,901)</u> |

Total capital assets - net of accumulated depreciation 10,035,199

Total noncurrent assets 10,035,199

Total assets 14,488,053

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|--|--|----------------|
| Deferred outflow - loss on refunded debt | | 11,395 |
| Deferred outflow - pension | | 106,567 |
| Deferred outflow - OPEB | | 4,338 |
| Total deferred outflows of resources | | <u>122,300</u> |

Total assets and deferred outflows of resources \$ 14,610,353

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

CITY OF ALAMO HEIGHTS, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

September 30, 2025

LIABILITIES

Current liabilities:

| | | |
|--|----|----------------|
| Accounts payable | \$ | 172,538 |
| Accrued payroll | | 28,940 |
| Customer deposits payable - restricted | | 41,068 |
| Accrued interest payable | | 1,525 |
| Unearned revenue | | 22,243 |
| Compensated absences | | 9,901 |
| OPEB liability due within one year | | 4,410 |
| Bonds payable due within one year | | 158,454 |
| Total current liabilities | | <u>439,079</u> |

Noncurrent liabilities:

| | | |
|----------------------------------|--|----------------|
| Net pension liability | | 670,144 |
| OPEB liability | | 39,692 |
| Compensated absences | | 54,051 |
| Bonds payable due after one year | | 163,453 |
| Total noncurrent liabilities | | <u>927,340</u> |

| | | |
|-------------------|--|------------------|
| Total liabilities | | <u>1,366,419</u> |
|-------------------|--|------------------|

DEFERRED INFLOWS OF RESOURCES

| | | |
|-------------------------------------|--|---------------|
| Deferred inflow - pension | | 12,506 |
| Deferred inflow - OPEB | | 10,704 |
| Total deferred inflows of resources | | <u>23,210</u> |

NET POSITION

| | | |
|----------------------------------|--|-------------------|
| Net investment in capital assets | | 9,724,687 |
| Unrestricted | | <u>3,496,037</u> |
| Total net position | | <u>13,220,724</u> |

| | | |
|---|----|-------------------|
| Total liabilities, deferred inflows of resources, and net position | \$ | <u>14,610,353</u> |
|---|----|-------------------|

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

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | |
|--|----------------------|
| OPERATING REVENUES | |
| Charges for services | \$ 5,012,480 |
| Miscellaneous revenues | <u>7,862</u> |
| Total operating revenues | <u>5,020,342</u> |
| OPERATING EXPENSES | |
| Costs of sales and services | 3,563,580 |
| Depreciation | <u>449,026</u> |
| Total operating expenses | <u>4,012,606</u> |
| Operating income | <u>1,007,736</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment earnings | 62,763 |
| Interest expense | <u>(14,519)</u> |
| Total nonoperating revenues (expenses) | <u>48,244</u> |
| Income before transfers | 1,055,980 |
| TRANSFERS | |
| Transfer in | 291,933 |
| Transfer out | <u>(92,748)</u> |
| Total transfers | 199,185 |
| Change in net position | 1,255,165 |
| NET POSITION - BEGINNING | <u>11,965,559</u> |
| NET POSITION - ENDING | <u>\$ 13,220,724</u> |

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

CITY OF ALAMO HEIGHTS, TEXAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the year ended September 30, 2025

| | |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 5,074,959 |
| Cash paid to suppliers | (2,245,092) |
| Cash paid to employees | <u>(1,318,488)</u> |
| Net cash provided by operating activities | <u>1,511,379</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Cash received from other funds | <u>199,185</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Purchase of capital assets | (730,286) |
| Payment of interest on debt | (64,471) |
| Payments on debt | <u>(145,000)</u> |
| Net cash used in financing activities | <u>(939,757)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Proceeds from investment interest | 62,763 |
| Sale of investments | <u>188,101</u> |
| Net cash provided in investing activities | <u>250,864</u> |
| Net increase in cash and cash equivalents | 1,021,671 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>2,705,780</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 3,727,451</u> |
| CASH AND CASH EQUIVALENTS - UNRESTRICTED | \$ 3,686,383 |
| CASH AND CASH EQUIVALENTS - RESTRICTED | <u>41,068</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 3,727,451</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | |
| Operating income | <u>\$ 1,007,736</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 449,026 |
| Increase in accounts receivable | 82,552 |
| Decrease in accounts payable | 8,152 |
| Increase in compensated absences | (35,230) |
| Decrease in unearned revenue | 1,520 |
| Increase in accrued payroll | (1,593) |
| Change in net pension liability | 838 |
| Change in OPEB liability | 953 |
| Decrease in customer deposits payable | <u>(2,575)</u> |
| Total adjustments | <u>503,643</u> |
| Net cash provided by operating activities | <u>\$ 1,511,379</u> |
| SCHEDULE OF NONCASH CAPITAL ACTIVITIES | |
| Actuarially determined change in: | |
| Net pension liability | \$ (110,958) |
| Other postemployment benefit liability | 1,536 |

(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, 2025

(1) Summary of significant accounting policies

Reporting entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement focus, basis of accounting, and financial statement presentation

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

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

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

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

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

The City reports the following major governmental funds:

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

American Rescue Plan ACT (ARPA) Grant: The ARPA grant, a special revenue fund, accounts for the grant funding received from the American Rescue Plan for allowed expenses. Although the fund does not meet the quantitative thresholds to be considered a major fund, it is presented as a major fund in the financial statements due to its qualitative significance in managing federal grant resources.

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

The City reports the following major proprietary fund:

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

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

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

Cash and cash equivalents

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

Receivables and payables

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

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

Other assets

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

Capital assets

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Capital assets (continued)

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

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

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

| ASSET | YEARS |
|------------------------------------|------------|
| Buildings | 40 years |
| Improvements other than buildings | 40 years |
| Infrastructure | 40 years |
| Furniture, fixtures, and equipment | 3-10 years |
| Utility system | 40 years |
| Right to use assets – equipment | 3-5 years |
| Right to use assets – SBITA | 3-5 years |

Compensated absences

Each eligible, full-time City employee accrues vacation on a per pay period basis. The amount of time the employee accrues depends upon the employee’s length of service as follows:

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Compensated absences (continued)

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

Prepaid items

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

Deferred inflows/outflows of resources

Pensions

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

Other postemployment benefits

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Use of estimates

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

Fund balance

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(1) Summary of significant accounting policies (continued)

Adoption of new accounting policies

During fiscal year ended September 30, 2025, the City adopted the provisions of GASB Statement No. 101, *Compensated Absences*, which establishes updated guidance for the recognition, measurement, and financial reporting of compensated absences. The requirements of GASB Statement 101 were applied retrospectively to all periods presented and the implementation did not have a material impact on the City's financial statements.

(2) Budgetary and legal compliance

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

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

Formal budgetary account integration is used to facilitate managerial control over expenditures during the course of the year. Expenditures are monitored at the department line item level for ongoing control purposes. On a monthly basis, comparative revenue and expenditure statements are presented to the city council. The City Manager is authorized to transfer budgeted amounts between accounts within a department and from one department to another. These transfers cannot increase the overall budgeted expenditures.

(3) Detailed notes for all funds

Cash and cash equivalents

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

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

The carrying amount of the City's deposits with financial institutions was \$840,046 and the bank balance was \$1,026,908. The deposits at one institution were fully collateralized by securities pledged in the name of the City. The cash deposits at the other institution exceeded the Federal Deposit Insurance Corporation (FDIC) by \$2,092. The City maintains \$6,570 of cash-on-hand at September 30, 2025.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

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

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

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

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

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

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

Presented below is the minimum rating required by (where applicable) the City’s investment policy and the Act and the actual rating as of September 30, 2025 for each investment:

| DESCRIPTION | INVESTMENT POLICY MINIMUM RATING | INVESTMENT RATING | RATING ORGANIZATION | CARRYING/FAIR VALUE | WEIGHTED AVERAGE MATURITY (YEARS) |
|---------------------------------|---|----------------------|------------------------|------------------------|--|
| Investments: | | | | | |
| Federal Agency Securities | AAA | AA+ | Standard & Poor's | \$ 5,000,000 | 1.51 |
| Total investments | | | | <u>\$ 5,000,000</u> | |
| Cash and cash equivalents: | | | | | |
| TexPool | AAA | AAAm | Standard & Poor's | \$ 3,752 | 0.06 |
| Lone Star Liquidity Fund | AAA | AAA | Standard & Poor's | 22,724,337 | 0.02 |
| Logic | AAA | AAA | Standard & Poor's | 5,327,847 | 0.03 |
| TexStar | AAA | AAAm | Standard & Poor's | <u>3,882</u> | 0.07 |
| Total cash and cash equivalents | | | | <u>\$ 28,059,818</u> | |

Portfolio weighted average maturity 0.28

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

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Cash and cash equivalents (continued)

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

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

At September 30, 2025, the City had the following investments:

| | BALANCE | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|---|---------------|---------|--------------|---------|
| Investments by fair value level: | | | | |
| Federal Agency Securities | \$ 5,000,000 | \$ - | \$ 5,000,000 | \$ - |
| Total investments at fair value: | 5,000,000 | \$ - | \$ 5,000,000 | \$ - |
| Investments measured at amortized cost: | | | | |
| TexPool | 3,752 | | | |
| Logic | 5,327,847 | | | |
| Total investments measured at amortized cost | 5,331,599 | | | |
| Investments measured at net asset value: | | | | |
| TexStar | 3,882 | | | |
| Lone Star Liquidity Fund | 22,724,337 | | | |
| Total investments measured at net asset value | 22,728,219 | | | |
| Total investments | \$ 33,059,818 | | | |

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

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|--|---------------|----------------------|----------------------|--------------------------|
| Investments measured at net asset value: | | | | |
| TexStar | \$ 3,882 | N/A | Daily | N/A |
| Lone Star liquidity fund | 22,724,337 | N/A | Daily | N/A |
| Total investments measured at NAV | \$ 22,728,219 | | | |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Receivables

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

| | TAXES | ALLOWANCE FOR UNCOLLECTIBLE TAXES | NET TAXES | WARRANTS AND OTHER | ALLOWANCE FOR UNCOLLECTIBLE WARRANTS | NET WARRANTS AND OTHER | CUSTOMER RECEIVABLES | ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS | NET CUSTOMER RECEIVABLES |
|--------------|-------------------|---|-------------------|-----------------------|--|------------------------------|-------------------------|--|--------------------------------|
| General fund | \$ 174,332 | \$ (17,433) | \$ 156,899 | \$ 1,398,216 | \$ (497,793) | \$ 900,423 | \$ - | \$ - | \$ - |
| Utility fund | - | - | - | - | - | - | 857,977 | (133,177) | 724,800 |
| Other funds | 183,653 | (2,808) | 180,845 | - | - | - | - | - | - |
| | <u>\$ 357,985</u> | <u>\$ (20,241)</u> | <u>\$ 337,744</u> | <u>\$ 1,398,216</u> | <u>\$ (497,793)</u> | <u>\$ 900,423</u> | <u>\$ 857,977</u> | <u>\$ (133,177)</u> | <u>\$ 724,800</u> |

Property tax

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

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

The total assessed value on January 1, 2024, upon which the 2025 fiscal year levy was based, is \$2,435,654,307. Tax collections during the year ended September 30, 2025, for the 2024 tax levy, were 99.38% 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 \$0.370147 per \$100 of assessed valuation.

Lease receivables

On October 1, 2021, City of Alamo Heights, Texas entered into a 46-month lease as Lessor for the use of Verizon - 120 Bluebonnet Boulevard. An initial lease receivable was recorded in the amount of \$139,139. In 2025, they extended for 120 months as per the original lease options and increased the lease receivable by \$556,909. As of September 30, 2025, the value of the extended lease receivable is \$507,329. The lessee is required to make annual payments of \$48,143 with 3% increases each year. The lease has an interest rate of 0.4350%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was \$547,571, and City of Alamo Heights, Texas recognized lease revenue of \$39,586 during the fiscal year.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Receivables (continued)

Lease receivables (continued)

On October 1, 2021, City of Alamo Heights, Texas entered into a 72 month lease as Lessor for the use of Quarry / Alamo water tower. An initial lease receivable was recorded in the amount of \$94,401. As of September 30, 2025, the value of the lease receivable is \$33,437. The lessee is required to make annual fixed payments of \$14,685. The lease has an interest rate of 0.2280%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was \$32,158, and City of Alamo Heights, Texas recognized lease revenue of \$15,561 during the fiscal year. The lessee has 1 extension option(s), each for 132 months.

On October 1, 2021, City of Alamo Heights, Texas entered into a 168 month lease as Lessor for the use of 820 Evans Avenue water tower. An initial lease receivable was recorded in the amount of \$8,195,325. As of September 30, 2025, the value of the lease receivable is \$6,363,692. The lessee is required to make monthly fixed payments of \$44,057. The lease has an interest rate of 1.3290%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was \$5,853,804, and City of Alamo Heights, Texas recognized lease revenue of \$585,380 during the fiscal year.

On October 1, 2021, City of Alamo Heights, Texas entered into a 33 month lease as Lessor for the use of AT&T - 118 Blue Bonnet Boulevard. An initial lease receivable was recorded in the amount of \$367,086. At the end of that lease, an extension option of 60 months was implemented with an extended lease receivable recorded in the amount of \$3,502,148. As of September 30, 2025, the value of the lease receivable is \$3,121,138. The lessee is required to make annual payments of \$192,562 with 3% increases each year. The lease has an interest rate of 0.2980%. The infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was \$3,210,048, and City of Alamo Heights, Texas recognized lease revenue of \$233,458 during the fiscal year. The lessee has 3 additional extension option(s), each for 60 months.

On November 1, 2021, City of Alamo Heights, Texas entered into a 516 month lease as Lessor for the use of Heights Pool, LTD. An initial lease receivable was recorded in the amount of \$1,465,000. As of September 30, 2025, the value of the lease receivable is \$1,365,000. The lessee is required to make annual fixed payments of \$35,000 in fiscal year 2025. The lease has an interest rate of 0.0%. The land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2025 was \$1,331,560, and City of Alamo Heights, Texas recognized lease revenue of \$34,070 during the fiscal year. The lessee has 1 extension option for 480 months.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
September 30, 2025

(3) Detailed notes for all funds (continued)

Receivables (continued)

Lease receivables (continued)

Future minimum lease receipts on these leases are as follows:

| FISCAL YEAR | GOVERNMENTAL ACTIVITIES | | |
|----------------|-------------------------|-------------------|----------------------|
| | PRINCIPAL | INTEREST | TOTAL |
| 2026 | \$ 811,543 | \$ 92,037 | \$ 903,580 |
| 2027 | 845,358 | 85,229 | 930,587 |
| 2028 | 862,784 | 77,057 | 939,841 |
| 2029 | 897,035 | 68,549 | 965,584 |
| 2030 | 932,486 | 59,652 | 992,138 |
| 2031 - 2035 | 5,192,132 | 150,254 | 5,342,386 |
| 2036 - 2040 | 1,009,258 | 5,082 | 1,014,340 |
| 2041 - 2045 | 175,000 | - | 175,000 |
| 2046 - 2050 | 175,000 | - | 175,000 |
| 2051 - 2055 | 175,000 | - | 175,000 |
| 2056 - 2060 | 175,000 | - | 175,000 |
| 2061 - 2065 | 140,000 | - | 140,000 |
| | <u>\$ 11,390,596</u> | <u>\$ 537,860</u> | <u>\$ 11,928,456</u> |

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CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Capital assets

Capital asset activity for the year ended September 30, 2025 was as follows:

| | BALANCE AT OCTOBER 1, 2024 | INCREASES | DECREASES | BALANCE AT SEPTEMBER 30, 2025 |
|---|----------------------------------|---------------------|------------------|-------------------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,479,580 | \$ - | \$ - | \$ 1,479,580 |
| Construction in progress | <u>221,419</u> | <u>-</u> | <u>(66,837)</u> | <u>154,582</u> |
| Total capital assets not being depreciated | <u>1,700,999</u> | <u>-</u> | <u>(66,837)</u> | <u>1,634,162</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 8,222,225 | 117,171 | - | 8,339,396 |
| Infrastructure | 17,336,042 | 1,644,659 | 66,837 | 19,047,538 |
| Improvements other than buildings | 2,043,025 | 37,382 | - | 2,080,407 |
| Furniture, fixtures, and equipment | 7,119,485 | 2,091,943 | (558,005) | 8,653,423 |
| Right to use asset - SBITA | 79,759 | - | (5,421) | 74,338 |
| Right to use asset - equipment | <u>12,906</u> | <u>-</u> | <u>-</u> | <u>12,906</u> |
| Total capital assets being depreciated | <u>34,813,442</u> | <u>3,891,155</u> | <u>(496,589)</u> | <u>38,208,008</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (2,360,747) | (214,598) | - | (2,575,345) |
| Infrastructure | (15,808,142) | (1,056,703) | - | (16,864,845) |
| Improvements other than buildings | (1,105,318) | (225,565) | - | (1,330,883) |
| Furniture, fixtures, and equipment | (6,762,050) | (604,540) | 558,005 | (6,808,585) |
| Right to use asset - SBITA | (36,105) | (25,545) | 5,421 | (56,229) |
| Right to use asset - equipment | <u>(7,779)</u> | <u>(2,593)</u> | <u>-</u> | <u>(10,372)</u> |
| Total accumulated depreciation | <u>(26,080,141)</u> | <u>(2,129,544)</u> | <u>563,426</u> | <u>(27,646,259)</u> |
| Total capital assets being depreciated - net | <u>8,733,301</u> | <u>1,761,611</u> | <u>66,837</u> | <u>10,561,749</u> |
| Governmental activities capital assets - net | <u>\$ 10,434,300</u> | <u>\$ 1,761,611</u> | <u>\$ -</u> | <u>\$ 12,195,911</u> |
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 598,999 | \$ 408,853 | \$ - | \$ 1,007,852 |
| Water rights | <u>1,078,430</u> | <u>-</u> | <u>-</u> | <u>1,078,430</u> |
| Total capital assets not being depreciated | <u>1,677,429</u> | <u>408,853</u> | <u>-</u> | <u>2,086,282</u> |
| Capital assets being depreciated: | | | | |
| Utility system | 15,114,220 | 29,500 | - | 15,143,720 |
| Furniture, fixtures, and equipment | <u>803,165</u> | <u>291,933</u> | <u>-</u> | <u>1,095,098</u> |
| Total capital assets being depreciated | <u>15,917,385</u> | <u>321,433</u> | <u>-</u> | <u>16,238,818</u> |
| Less accumulated depreciation for: | | | | |
| Utility system | (7,083,712) | (380,000) | - | (7,463,712) |
| Furniture, fixtures, and equipment | <u>(757,163)</u> | <u>(69,026)</u> | <u>-</u> | <u>(826,189)</u> |
| Total accumulated depreciation | <u>(7,840,875)</u> | <u>(449,026)</u> | <u>-</u> | <u>(8,289,901)</u> |
| Total capital assets being depreciated - net | <u>8,076,510</u> | <u>(127,593)</u> | <u>-</u> | <u>7,948,917</u> |
| Business-type activities capital assets - net | <u>\$ 9,753,939</u> | <u>\$ 281,260</u> | <u>\$ -</u> | <u>\$ 10,035,199</u> |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Capital assets (continued)

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

Governmental activities:

| | |
|----------------------|----------------|
| General government | \$ 241,808 |
| Public safety | 376,485 |
| Streets | 1,218,226 |
| Sanitation | 59,788 |
| Parks and recreation | <u>233,237</u> |

| | |
|---|---------------------|
| Total depreciation/amortization expense - governmental activities | <u>\$ 2,129,544</u> |
|---|---------------------|

Business-type activities:

| | |
|---------|-------------------|
| Utility | <u>\$ 449,026</u> |
|---------|-------------------|

| | |
|---|-------------------|
| Total depreciation expense - business-type activities | <u>\$ 449,026</u> |
|---|-------------------|

Interfund transfers

| TRANSFER OUT | TRANSFER IN | | | | TOTALS |
|-----------------|------------------|-----------------------------|--------------------------------|-------------------|-------------------|
| | GENERAL FUND | CAPITAL PROJECTS FUND | OTHER GOVERNMENTAL FUNDS | UTILITY FUND | |
| General fund | \$ - | \$ 80,000 | \$ 265,607 | \$ - | \$ 345,607 |
| ARPA Grant | - | - | - | 291,933 | 291,933 |
| Utility fund | <u>92,748</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>92,748</u> |
| Totals | <u>\$ 92,748</u> | <u>\$ 80,000</u> | <u>\$ 265,607</u> | <u>\$ 291,933</u> | <u>\$ 730,288</u> |

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

Long-term liabilities

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

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

At September 30, 2025, the City’s long-term debt consisted of the following:

| <u>Governmental Activities:</u> | <u>Range of Interest Rates</u> | <u>Unpaid Principal</u> | <u>Current Maturities</u> | <u>Long-Term Maturities</u> |
|---|--|-----------------------------|-------------------------------|---------------------------------|
| General Obligations, Refunding Bonds Series 2020 | 2.00-3.00% | \$ 2,650,000 | \$ 345,000 | \$ 2,305,000 |
| General Obligations, Bonds Series 2021 | 1.65-2.625% | 10,770,000 | 680,000 | 10,090,000 |
| <u>Business-Type Activities:</u> | <u>Range of Interest Rates</u> | <u>Unpaid Principal</u> | <u>Current Maturities</u> | <u>Long-Term Maturities</u> |
| General Obligations, Refunding Bonds Series 2016 | 2-4.00% | \$ 305,000 | \$ 150,000 | \$ 155,000 |

Changes in the City’s long-term liabilities during the fiscal year ended September 30, 2025:

| | <u>ORIGINAL AMOUNT</u> | <u>OUTSTANDING OCTOBER 1, 2024</u> | <u>ISSUED</u> | <u>RETIRED</u> | <u>BALANCE SEPTEMBER 30, 2025</u> | <u>AMOUNTS DUE IN ONE YEAR</u> |
|---|----------------------------|--|-------------------|-----------------------|---|--|
| GOVERNMENTAL ACTIVITIES | | | | | | |
| Long-term debt: | | | | | | |
| General Obligations, Refunding Bonds Series 2020 | \$ 4,530,000 | \$ 2,990,000 | \$ - | \$ (340,000) | \$ 2,650,000 | \$ 345,000 |
| General Obligations, Bonds Series 2021 | 13,170,000 | 11,420,000 | - | (650,000) | 10,770,000 | 680,000 |
| Lease liability | | 5,074 | - | (2,640) | 2,434 | 2,434 |
| SBITA liability | | 33,855 | - | (18,798) | 15,057 | 14,581 |
| Bond premiums Series 2020 refunding, net | | 303,570 | - | (37,946) | 265,624 | 37,946 |
| Bond premiums Series 2021, net | | 160,198 | - | (7,403) | 152,795 | 7,403 |
| Total long-term debt | | 14,912,697 | - | (1,056,787) | 13,855,910 | 1,087,364 |
| Other long-term liabilities: | | | | | | |
| Compensated absences | | 533,550 | 180,106 | - | 713,656 | 110,686 |
| Total governmental activities | | <u>\$ 15,446,247</u> | <u>\$ 180,106</u> | <u>\$ (1,056,787)</u> | <u>\$ 14,569,566</u> | <u>\$ 1,198,050</u> |
| BUSINESS-TYPE ACTIVITIES | | | | | | |
| Long-term debt: | | | | | | |
| General Obligations, Refunding Bonds Series 2016 | 1,370,000 | \$ 450,000 | \$ - | \$ (145,000) | \$ 305,000 | \$ 150,000 |
| Bond premium, net | | 25,361 | - | (8,454) | 16,907 | 8,454 |
| Total long-term debt | | 475,361 | - | (153,454) | 321,907 | 158,454 |
| Other long-term liabilities: | | | | | | |
| Compensated absences | | 28,722 | 35,230 | - | 63,952 | 9,901 |
| Total business-type activities | | <u>504,083</u> | <u>35,230</u> | <u>(153,454)</u> | <u>385,859</u> | <u>168,355</u> |
| Total changes in long-term liabilities | | <u>\$ 15,950,330</u> | <u>\$ 215,336</u> | <u>\$ (1,210,241)</u> | <u>\$ 14,955,425</u> | <u>\$ 1,366,405</u> |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

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

Annual debt service requirements as of September 30, 2025, for revenue bonds are as follows:

| FISCAL YEAR | GOVERNMENTAL ACTIVITIES | | | BUSINESS-TYPE ACTIVITIES | | |
|----------------|-------------------------|---------------------|----------------------|--------------------------|------------------|-------------------|
| | PRINCIPAL | INTEREST | TOTAL | PRINCIPAL | INTEREST | TOTAL |
| 2026 | \$ 1,025,000 | \$ 303,063 | \$ 1,328,063 | \$ 150,000 | \$ 12,200 | \$ 162,200 |
| 2027 | 1,060,000 | 278,863 | 1,338,863 | 155,000 | 6,200 | 161,200 |
| 2028 | 1,095,000 | 253,863 | 1,348,863 | - | - | - |
| 2029 | 1,135,000 | 228,063 | 1,363,063 | - | - | - |
| 2030 | 1,170,000 | 201,313 | 1,371,313 | - | - | - |
| 2031-2035 | 3,500,000 | 683,009 | 4,183,009 | - | - | - |
| 2036-2040 | 1,875,000 | 442,274 | 2,317,274 | - | - | - |
| 2041-2045 | 2,105,000 | 200,247 | 2,305,247 | - | - | - |
| 2046-2047 | <u>455,000</u> | <u>5,972</u> | <u>460,972</u> | - | - | - |
| Totals | <u>\$ 13,420,000</u> | <u>\$ 2,596,667</u> | <u>\$ 16,016,667</u> | <u>\$ 305,000</u> | <u>\$ 18,400</u> | <u>\$ 323,400</u> |

Lease payable

At September 30, 2025, the City was obligated under one right to use lease for equipment. The monthly lease payment is \$222 with an interest rate of .2280%. Future minimum lease payments on these leases are as follows:

| FISCAL YEAR | GOVERNMENTAL ACTIVITIES | | |
|----------------|-------------------------|-------------|-----------------|
| | PRINCIPAL | INTEREST | TOTAL |
| 2026 | <u>\$ 2,434</u> | <u>\$ 7</u> | <u>\$ 2,441</u> |
| Totals | <u>\$ 2,434</u> | <u>\$ 7</u> | <u>\$ 2,441</u> |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(3) Detailed notes for all funds (continued)

Long-term liabilities (continued)

SBITA payable

At September 30, 2025, the City was obligated under 11 active right to use subscriptions for various information technology arrangements. The subscriptions have payments that range from \$200 to \$11,000 and interest rates that range from 2.5827% to 3.5910%. As of September 30, 2025, the total combined value of the SBITA liability is \$15,057 and the total combined short-term subscription liability is \$14,582. There were no variable or other payments not included in the lease liability. Future minimum payments on these agreements are as follows:

| FISCAL YEAR | GOVERNMENTAL ACTIVITIES | | |
|----------------|-------------------------|----------|-----------|
| | PRINCIPAL | INTEREST | TOTAL |
| 2026 | \$ 14,581 | \$ 491 | \$ 15,072 |
| 2027 | 236 | 15 | 251 |
| 2028 | 240 | 8 | 248 |
| Totals | \$ 15,057 | \$ 514 | \$ 15,571 |

(4) Other information

Risk management

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

(5) Employee retirement system

Plan description

The City of Alamo Heights participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the system with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.tmr.com. All eligible employees of the City are required to participate in TMRS.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(5) Employee retirement system (continued)

Benefits provided

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

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

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

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 98 |
| Inactive employees entitled to but not yet receiving benefits | 92 |
| Active employees | <u>102</u> |
| | <u>292</u> |

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.25% and 17.25% for calendar years 2025 and 2024 respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$1,344,621 and were equal to the required contributions.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(5) Employee retirement system (continued)

Net pension liability

The City's net pension liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 2.75% per year, adjusted down for population declines, if any |
| Investment rate of return* | 6.75%, net of pension plan investment expense, including inflation |

* presented net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender Distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(5) Employee retirement system (continued)

Net pension liability (continued)

The target allocation and best estimate of real rates of return for each major asset class in 2025 are summarized in the following tables:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|----------------------|--|
| Global Equity | 35.00% | 7.10% |
| Core Fixed Income | 6.00% | 5.00% |
| Non-Core Fixed Income | 6.00% | 6.80% |
| Hedge funds | 5.00% | 6.40% |
| Private equity | 13.00% | 8.50% |
| Private debt | 13.00% | 8.20% |
| Real estate | 12.00% | 6.70% |
| Infrastructure | 6.00% | 6.00% |
| Other private markets | 4.00% | 7.30% |
| Total | 100.00% | |

Discount rate

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

Changes in the net pension liability

| | Total Pension Liability (a) | Increase (Decrease) Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|-----------------------------------|--|---------------------------------------|
| Balance at December 31, 2023 | \$ 35,780,106 | \$ 29,263,942 | \$ 6,516,164 |
| Changes for the year: | | | |
| Service cost | 1,254,510 | - | 1,254,510 |
| Interest | 2,401,311 | - | 2,401,311 |
| Difference between expected and actual experience | 191,155 | - | 191,155 |
| Contributions - employer | - | 1,241,973 | (1,241,973) |
| Contributions - employee | - | 516,259 | (516,259) |
| Net investment income | - | 3,040,335 | (3,040,335) |
| Benefit payments, including refunds of employee contributions | (1,664,772) | (1,664,772) | - |
| Administrative expense | - | (19,501) | 19,501 |
| Other changes | - | (456) | 456 |
| Net changes | 2,182,204 | 3,113,838 | (931,634) |
| Balance at December 31, 2024 | \$ 37,962,310 | \$ 32,377,780 | \$ 5,584,530 |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(5) Employee retirement system (continued)

Net pension liability (continued)

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

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

| 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|-----------------------|---|
| \$ 10,864,282 | \$ 5,584,530 | \$ 1,263,831 |

Pension plan fiduciary net position

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$1,308,022.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual economic experience | \$ 225,034 | \$ - |
| Changes in actuarial assumptions | - | 104,218 |
| Differences between projected and actual investment earnings | - | 331,614 |
| Contributions subsequent to the measurement date | 994,643 | - |
| Total | \$ 1,219,677 | \$ 435,832 |

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(5) Employee retirement system (continued)

Net pension liability (continued)

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

The City reported \$994,643 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30, | Amortization Expense |
|-----------------------------|-------------------------|
| 2026 | \$ 78,758 |
| 2027 | 388,649 |
| 2028 | (465,201) |
| 2029 | (213,004) |
| 2030 | - |
| Thereafter | - |
| Total | <u>\$ (210,798)</u> |

(6) Other postemployment benefits

Plan description

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

Benefits provided

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

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(6) Other postemployment benefits (continued)

Contributions

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

The contribution rates for the City were 0.37% and 0.41% for calendar years 2025 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$29,602 and were equal to the required contributions.

Employees covered by benefit terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---|------------|
| Inactive employees currently receiving benefits | 71 |
| Inactive employees entitled to but not yet receiving benefits | 17 |
| Active employees | <u>102</u> |
| | <u>190</u> |

Other postemployment benefits (OPEB) liability

The City's total OPEB liability of \$367,513 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(6) Other postemployment benefits (continued)

Actuarial assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.5% |
| Salary increases | 3.60% to 11.85% including inflation |
| Discount rate * | 4.08% |
| Retirees' share of benefit-related costs | \$0 |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(6) Other postemployment benefits (continued)

Changes in the total OPEB liability:

| | | |
|---|----|-----------------------|
| Balance at December 31, 2023 | \$ | 362,659 |
| Changes for the year: | | |
| Service cost | | 12,538 |
| Interest on the total OPEB liability | | 13,644 |
| Changes of benefit terms | | - |
| Difference between expected and actual experience | | 10,708 |
| Change of assumptions | | (18,023) |
| Benefit payments | | <u>(14,013)</u> |
| Net changes | | <u>4,854</u> |
| Balance at December 31, 2024 | \$ | <u><u>367,513</u></u> |

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liabilities would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current rate:

| | 1% Decrease in Discount Rate (3.08%) | Discount Rate (4.08%) | 1% Increase in Discount Rate (5.08%) |
|-----------------------|--|-----------------------------|--|
| | <u> </u> | <u> </u> | <u> </u> |
| City's OPEB liability | \$ <u>430,427</u> | \$ <u>367,513</u> | \$ <u>317,627</u> |

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$6,848.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| | <u> </u> | <u> </u> |
| Difference between expected and actual economic experience | \$ 8,481 | \$ 6,930 |
| Changes in actuarial assumptions | 16,478 | 82,263 |
| Difference between projected and actual investment earnings | - | - |
| Contributions subsequent to the measurement date | <u>21,802</u> | <u>-</u> |
| Total | <u><u>\$ 46,761</u></u> | <u><u>\$ 89,193</u></u> |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

September 30, 2025

(6) Other postemployment benefits (continued)

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

The City reported \$21,802 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended September 30, | Amortization Expense |
|-----------------------------|-------------------------|
| 2026 | \$ (25,294) |
| 2027 | (28,176) |
| 2028 | (9,609) |
| 2029 | (1,155) |
| 2030 | - |
| Thereafter | - |
| Total | <u>\$ (64,234)</u> |

(7) Subsequent events

The City has evaluated subsequent events through March 23, 2026, the date which the financial statements were available to be issued. There are no subsequent events required for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|----------------------------|-------------------|-------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property | \$ 6,914,500 | \$ 6,914,500 | \$ 6,911,538 | \$ (2,962) |
| Sales | 1,720,000 | 1,720,000 | 1,823,797 | 103,797 |
| Beverage | 120,634 | 120,634 | 111,813 | (8,821) |
| Franchise | 732,030 | 732,030 | 667,092 | (64,938) |
| PUC right of way fees | 9,678 | 9,678 | 18,620 | 8,942 |
| Total taxes | <u>9,496,842</u> | <u>9,496,842</u> | <u>9,532,860</u> | <u>36,018</u> |
| Licenses and permits: | | | | |
| Building | 429,036 | 429,036 | 607,646 | 178,610 |
| Electric | 57,689 | 57,689 | 164,856 | 107,167 |
| Liquor and food | 20,673 | 20,673 | 9,783 | (10,890) |
| Planning and zoning | 10,000 | 10,000 | 41,500 | 31,500 |
| Plumbing | 55,575 | 55,575 | 149,799 | 94,224 |
| Signs | 3,500 | 3,500 | 2,980 | (520) |
| Permits | 114,954 | 114,954 | 255,540 | 140,586 |
| Certificate of occupancy | 4,800 | 4,800 | 4,700 | (100) |
| Other | 41,979 | 41,979 | 23,475 | (18,504) |
| Total licenses and permits | <u>738,206</u> | <u>738,206</u> | <u>1,260,279</u> | <u>522,073</u> |
| Intergovernmental: | | | | |
| Dispatch | 341,920 | 341,920 | 320,024 | (21,896) |
| EMS | 246,919 | 246,919 | 194,386 | (52,533) |
| Student resource officer | 467,691 | 467,691 | 474,786 | 7,095 |
| TDEM | 8,942 | 8,942 | 8,401 | (541) |
| Total intergovernmental | <u>1,065,472</u> | <u>1,065,472</u> | <u>997,597</u> | <u>(67,875)</u> |
| Charges for services: | | | | |
| EMS | 250,000 | 250,000 | 317,178 | 67,178 |
| Court | 164,676 | 164,676 | 237,888 | 73,212 |
| Garbage | 725,410 | 725,410 | 708,750 | (16,660) |
| Telecom lease | 314,000 | 314,000 | 474,599 | 160,599 |
| Total charges for services | <u>1,454,086</u> | <u>1,454,086</u> | <u>1,738,415</u> | <u>284,329</u> |
| Fines | <u>200,900</u> | <u>200,900</u> | <u>277,793</u> | <u>76,893</u> |
| Investment earnings | <u>413,564</u> | <u>413,564</u> | <u>755,882</u> | <u>342,318</u> |
| Miscellaneous | <u>80,323</u> | <u>80,323</u> | <u>110,357</u> | <u>30,034</u> |
| Total revenues | <u>13,449,393</u> | <u>13,449,393</u> | <u>14,673,183</u> | <u>1,223,790</u> |

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| EXPENDITURES | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--------------------------------------|------------------|-----------|-----------|--|
| | ORIGINAL | FINAL | | |
| General government | | | | |
| Public works administration: | | | | |
| Personnel | \$ 89,380 | \$ 89,380 | \$ 89,546 | \$ (166) |
| Commodities | 5,300 | 5,300 | 3,016 | 2,284 |
| Contractual | 16,050 | 16,050 | 38,502 | (22,452) |
| Total public works administration | 110,730 | 110,730 | 131,064 | (20,334) |
| Court: | | | | |
| Personnel | 124,463 | 124,463 | 130,729 | (6,266) |
| Commodities | 5,126 | 5,126 | 1,343 | 3,783 |
| Contractual | 83,859 | 83,859 | 75,205 | 8,654 |
| SBITA | - | - | 1,716 | (1,716) |
| Total court | 213,448 | 213,448 | 208,993 | 4,455 |
| Administration: | | | | |
| Personnel | 994,782 | 994,782 | 1,006,333 | (11,551) |
| Commodities | 299,959 | 299,959 | 321,255 | (21,296) |
| Contractual | 271,339 | 271,339 | 290,481 | (19,142) |
| SBITA | - | - | 3,835 | (3,835) |
| Leases | 2,160 | 2,160 | - | 2,160 |
| Capital equipment | - | - | - | - |
| Total administration | 1,568,240 | 1,568,240 | 1,621,904 | (53,664) |
| Information systems: | | | | |
| Commodities | 153,546 | 153,546 | 150,903 | 2,643 |
| Contractual | 266,647 | 266,647 | 244,776 | 21,871 |
| SBITA | 22,200 | 22,200 | 16,941 | 5,259 |
| Total information systems | 442,393 | 442,393 | 412,620 | 29,773 |
| Total general government | 2,334,811 | 2,334,811 | 2,374,581 | (39,770) |
| Public safety | | | | |
| Police: | | | | |
| Personnel | 3,225,890 | 3,225,890 | 3,095,220 | 130,670 |
| Commodities | 185,532 | 185,532 | 252,758 | (67,226) |
| Contractual | 98,246 | 98,246 | 115,767 | (17,521) |
| Capital equipment | 12,576 | 12,576 | 11,184 | 1,392 |
| Total police | 3,522,244 | 3,522,244 | 3,474,929 | 47,315 |
| Police dispatch: | | | | |
| Personnel | 828,010 | 828,010 | 772,712 | 55,298 |
| Commodities | 25,351 | 25,351 | 27,488 | (2,137) |
| Contractual | 1,824 | 1,824 | 1,970 | (146) |
| Total police dispatch | 855,185 | 855,185 | 802,170 | 53,015 |

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| EXPENDITURES (CONTINUED) | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|-----------------------------------|------------------|------------------|------------------|--|
| | ORIGINAL | FINAL | | |
| Public safety (continued): | | | | |
| Fire: | | | | |
| Personnel | \$ 2,416,576 | \$ 2,416,576 | \$ 2,291,691 | \$ 124,885 |
| Commodities | 99,101 | 99,101 | 71,392 | 27,709 |
| Contractual | <u>32,380</u> | <u>32,380</u> | <u>28,439</u> | <u>3,941</u> |
| Total fire | <u>2,548,057</u> | <u>2,548,057</u> | <u>2,391,522</u> | <u>156,535</u> |
| EMS: | | | | |
| Personnel | 782,081 | 782,081 | 707,838 | 74,243 |
| Commodities | 92,704 | 92,704 | 59,020 | 33,684 |
| Contractual | <u>31,063</u> | <u>31,063</u> | <u>30,580</u> | <u>483</u> |
| Total EMS | <u>905,848</u> | <u>905,848</u> | <u>797,438</u> | <u>108,410</u> |
| Total public safety | <u>7,831,334</u> | <u>7,831,334</u> | <u>7,466,059</u> | <u>365,275</u> |
| Streets: | | | | |
| Personnel | 556,830 | 556,830 | 478,030 | 78,800 |
| Commodities | 233,898 | 233,898 | 170,524 | 63,374 |
| Contractual | <u>18,500</u> | <u>18,500</u> | <u>12,323</u> | <u>6,177</u> |
| Total streets | <u>809,228</u> | <u>809,228</u> | <u>660,877</u> | <u>148,351</u> |
| Sanitation: | | | | |
| Personnel | 601,284 | 601,284 | 554,739 | 46,545 |
| Commodities | 146,300 | 178,300 | 168,674 | 9,626 |
| Contractual | <u>240,000</u> | <u>240,000</u> | <u>223,668</u> | <u>16,332</u> |
| Total sanitation | <u>987,584</u> | <u>1,019,584</u> | <u>947,081</u> | <u>72,503</u> |
| Planning and development | | | | |
| Personnel | 513,593 | 513,593 | 561,610 | (48,017) |
| Commodities | 9,535 | 9,535 | 8,073 | 1,462 |
| Contractual | <u>28,650</u> | <u>28,650</u> | <u>40,583</u> | <u>(11,933)</u> |
| Total planning and development | <u>551,778</u> | <u>551,778</u> | <u>610,266</u> | <u>(58,488)</u> |

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|----------------------|----------------------|----------------------|--|
| | ORIGINAL | FINAL | | |
| EXPENDITURES (CONTINUED) | | | | |
| Parks and recreation: | | | | |
| Personnel | \$ 357,481 | \$ 357,481 | \$ 348,844 | \$ 8,637 |
| Commodities | 37,600 | 37,600 | 22,058 | 15,542 |
| Contractual | <u>26,443</u> | <u>26,443</u> | <u>21,068</u> | <u>5,375</u> |
| Total parks and recreation | <u>421,524</u> | <u>421,524</u> | <u>391,970</u> | <u>29,554</u> |
| Total expenditures | <u>12,936,259</u> | <u>12,968,259</u> | <u>12,450,834</u> | <u>517,425</u> |
| Excess of revenue over expenditures | 513,134 | 481,134 | 2,222,349 | 1,741,215 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of assets | - | - | 9,949 | 9,949 |
| Transfer in | 92,748 | 92,748 | 92,748 | - |
| Transfer out | <u>(290,607)</u> | <u>(345,607)</u> | <u>(345,607)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(197,859)</u> | <u>(252,859)</u> | <u>(242,910)</u> | <u>9,949</u> |
| Net change in fund balance | <u>\$ 315,275</u> | <u>\$ 228,275</u> | 1,979,439 | <u>\$ 1,751,164</u> |
| FUND BALANCE AT OCTOBER 1, 2024 | | | <u>6,703,491</u> | |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | <u>\$ 8,682,930</u> | |
| SUMMARY OF GENERAL FUND EXPENDITURES BY COST CATEGORY | | | | |
| Personnel | \$ 10,490,370 | \$ 10,490,370 | \$ 10,037,292 | \$ 453,078 |
| Commodities | 1,293,952 | 1,325,952 | 1,256,504 | 69,448 |
| Contractual | 1,115,001 | 1,115,001 | 1,123,362 | (8,361) |
| SBITA | 22,200 | 22,200 | 22,492 | (292) |
| Leases | 2,160 | 2,160 | - | 2,160 |
| Capital equipment | <u>12,576</u> | <u>12,576</u> | <u>11,184</u> | <u>1,392</u> |
| Total expenditures | <u>\$ 12,936,259</u> | <u>\$ 12,968,259</u> | <u>\$ 12,450,834</u> | <u>\$ 517,425</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

September 30, 2025

For the last 10 measurement years

| | For the measurement year ended December 31, | | | |
|--|---|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 |
| Total Pension Liability | | | | |
| Service cost | \$ 1,254,510 | \$ 1,131,776 | \$ 1,050,067 | \$ 1,051,106 |
| Interest (on the total pension liability) | 2,401,311 | 2,281,558 | 2,146,542 | 2,015,358 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | 191,155 | 176,135 | 290,680 | 269,691 |
| Change of assumptions | - | (287,062) | - | - |
| Benefit payments, including refunds of employee contributions | <u>(1,664,772)</u> | <u>(1,514,554)</u> | <u>(1,541,245)</u> | <u>(1,243,101)</u> |
| Net change in total pension liability | 2,182,204 | 1,787,853 | 1,946,044 | 2,093,054 |
| Total pension liability - beginning | <u>35,780,106</u> | <u>33,992,253</u> | <u>32,046,209</u> | <u>29,953,155</u> |
| Total pension liability - ending (a) | <u>\$ 37,962,310</u> | <u>\$ 35,780,106</u> | <u>\$ 33,992,253</u> | <u>\$ 32,046,209</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | \$ 1,241,973 | \$ 1,093,330 | \$ 1,043,143 | \$ 1,028,623 |
| Contributions - employee | 516,259 | 472,135 | 440,675 | 437,180 |
| Net investment income | 3,040,336 | 3,032,646 | (2,067,900) | 3,243,501 |
| Benefit payments, including refunds of employee contributions | (1,664,772) | (1,514,554) | (1,541,245) | (1,243,101) |
| Administrative expense | (19,502) | (19,291) | (17,890) | (15,002) |
| Other | <u>(456)</u> | <u>(134)</u> | <u>21,349</u> | <u>102</u> |
| Net change in plan fiduciary net position | 3,113,838 | 3,064,132 | (2,121,868) | 3,451,303 |
| Plan fiduciary net position - beginning | <u>29,263,942</u> | <u>26,199,810</u> | <u>28,321,678</u> | <u>24,870,375</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 32,377,780</u> | <u>\$ 29,263,942</u> | <u>\$ 26,199,810</u> | <u>\$ 28,321,678</u> |
| Net pension liability (a) - (b) | <u>\$ 5,584,530</u> | <u>\$ 6,516,164</u> | <u>\$ 7,792,443</u> | <u>\$ 3,724,531</u> |
| Plan fiduciary net position as a percentage of total pension liability | 85.29% | 81.79% | 77.08% | 88.38% |
| Covered payroll | <u>\$ 7,375,132</u> | <u>\$ 6,744,791</u> | <u>\$ 6,295,364</u> | <u>\$ 6,245,433</u> |
| Net pension liability as a percentage of total covered payroll | 75.72% | 96.61% | 123.78% | 59.64% |

For the measurement year ended December 31,

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 943,099 | \$ 965,347 | \$ 914,894 | \$ 903,080 | \$ 868,087 | \$ 861,551 |
| 1,914,876 | 1,829,540 | 1,744,593 | 1,659,113 | 1,535,466 | 1,497,685 |
| - | - | - | 311,550 | - | - |
| (128,709) | (283,325) | (279,511) | (185,041) | 159,597 | (129,805) |
| - | 3,866 | - | - | - | 104,869 |
| <u>(1,346,200)</u> | <u>(1,133,936)</u> | <u>(1,159,507)</u> | <u>(1,073,882)</u> | <u>(1,046,879)</u> | <u>(923,983)</u> |
| 1,383,066 | 1,381,492 | 1,220,469 | 1,614,820 | 1,516,271 | 1,410,317 |
| <u>28,570,089</u> | <u>27,188,597</u> | <u>25,968,128</u> | <u>24,353,308</u> | <u>22,837,037</u> | <u>21,426,720</u> |
| <u>\$ 29,953,155</u> | <u>\$ 28,570,089</u> | <u>\$ 27,188,597</u> | <u>\$ 25,968,128</u> | <u>\$ 24,353,308</u> | <u>\$ 22,837,037</u> |
| \$ 955,530 | \$ 963,058 | \$ 918,155 | \$ 953,702 | \$ 900,335 | \$ 924,993 |
| 395,548 | 400,322 | 380,526 | 338,009 | 317,206 | 319,883 |
| 1,755,564 | 3,068,397 | (608,873) | 2,448,963 | 1,108,388 | 23,719 |
| (1,346,200) | (1,133,936) | (1,159,507) | (1,073,882) | (1,046,879) | (923,983) |
| (11,357) | (17,333) | (11,766) | (12,692) | (12,521) | (14,447) |
| <u>(443)</u> | <u>(521)</u> | <u>(615)</u> | <u>(643)</u> | <u>(675)</u> | <u>(714)</u> |
| 1,748,642 | 3,279,987 | (482,080) | 2,653,458 | 1,265,854 | 329,451 |
| <u>23,121,733</u> | <u>19,841,746</u> | <u>20,323,826</u> | <u>17,670,368</u> | <u>16,404,514</u> | <u>16,075,063</u> |
| <u>\$ 24,870,375</u> | <u>\$ 23,121,733</u> | <u>\$ 19,841,746</u> | <u>\$ 20,323,826</u> | <u>\$ 17,670,368</u> | <u>\$ 16,404,514</u> |
| <u>\$ 5,082,780</u> | <u>\$ 5,448,356</u> | <u>\$ 7,346,851</u> | <u>\$ 5,644,302</u> | <u>\$ 6,682,940</u> | <u>\$ 6,432,523</u> |
| 83.03% | 80.93% | 72.98% | 78.26% | 72.56% | 71.83% |
| <u>\$ 5,650,683</u> | <u>\$ 5,718,879</u> | <u>\$ 5,436,088</u> | <u>\$ 5,520,051</u> | <u>\$ 5,286,764</u> | <u>\$ 5,331,379</u> |
| 89.95% | 95.27% | 135.15% | 102.25% | 126.41% | 120.65% |

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

For the year ended September 30, 2025

For the last 10 fiscal years

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 1,344,621 | \$ 1,197,448 | \$ 1,088,595 | \$ 1,099,876 |
| Contributions in relation to the actuarially determined contributions | <u>1,344,621</u> | <u>1,197,448</u> | <u>1,088,595</u> | <u>1,099,876</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 7,794,902</u> | <u>\$ 7,174,403</u> | <u>\$ 6,295,364</u> | <u>\$ 6,649,536</u> |
| Contributions as a percentage of covered payroll | 17.25% | 16.69% | 17.29% | 16.54% |

| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 976,810 | \$ 962,071 | \$ 948,916 | \$ 920,196 | \$ 945,091 | \$ 905,858 |
| <u>976,810</u> | <u>962,071</u> | <u>948,916</u> | <u>920,196</u> | <u>945,091</u> | <u>905,858</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 5,888,184</u> | <u>\$ 5,696,162</u> | <u>\$ 5,626,955</u> | <u>\$ 5,444,475</u> | <u>\$ 5,575,888</u> | <u>\$ 5,290,913</u> |
| 16.59% | 16.89% | 16.86% | 16.90% | 16.95% | 17.12% |

CITY OF ALAMO HEIGHTS, TEXAS

**TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY
(OPEB) AND RELATED RATIOS**

September 30, 2025

***Last 10 measurement years**

| | For the measurement year ended December 31, | | | |
|---|---|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2022 | 2021 |
| Total OPEB liability | | | | |
| Service cost | \$ 12,538 | \$ 11,466 | \$ 21,404 | \$ 21,859 |
| Interest on the total OPEB liability | 13,644 | 13,597 | 8,860 | 9,054 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | 10,708 | (2,975) | (5,562) | (5,863) |
| Change of assumptions | (18,023) | 16,305 | (154,417) | 13,995 |
| Benefit payments | <u>(14,013)</u> | <u>(11,466)</u> | <u>(10,702)</u> | <u>(9,368)</u> |
| Net change in total OPEB liability | 4,854 | 26,927 | (140,417) | 29,677 |
| Total OPEB liability - beginning | <u>362,659</u> | <u>335,732</u> | <u>476,149</u> | <u>446,472</u> |
| Total OPEB liability - ending | <u>\$ 367,513</u> | <u>\$ 362,659</u> | <u>\$ 335,732</u> | <u>\$ 476,149</u> |
| Covered payroll | <u>\$ 7,375,132</u> | <u>\$ 6,744,791</u> | <u>\$ 6,295,364</u> | <u>\$ 6,245,433</u> |
| Total OPEB liability as a percentage of covered payroll | 4.98% | 5.38% | 5.33% | 7.62% |

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

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

For the measurement year ended December 31,

| | 2020 | 2019 | 2018 | 2017 |
|----|-----------|--------------|--------------|--------------|
| \$ | 14,692 | \$ 14,297 | \$ 13,590 | \$ 12,144 |
| | 10,897 | 12,228 | 11,927 | 11,796 |
| | - | - | - | - |
| | (21,304) | (16,207) | (29,942) | - |
| | 54,960 | 59,848 | (22,766) | 27,438 |
| | (3,390) | (4,003) | (3,805) | (3,864) |
| | 55,855 | 66,163 | (30,996) | 47,514 |
| | 390,617 | 324,454 | 355,450 | 307,936 |
| \$ | 446,472 | \$ 390,617 | \$ 324,454 | \$ 355,450 |
| \$ | 5,650,683 | \$ 5,718,879 | \$ 5,436,088 | \$ 5,520,051 |
| | 7.90% | 6.83% | 5.97% | 6.44% |

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

For the year ended September 30, 2025

***Last 10 fiscal years**

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 29,602 | \$ 28,904 | \$ 11,293 | \$ 17,368 |
| Contributions in relation to the actuarially determined contributions | <u>29,602</u> | <u>28,904</u> | <u>11,293</u> | <u>17,368</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>\$ 7,794,902</u> | <u>\$ 7,174,403</u> | <u>\$ 6,295,364</u> | <u>\$ 6,649,536</u> |
| Contributions as a percentage of covered payroll | 0.38% | 0.40% | 0.18% | 0.26% |

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

| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---------------------|---------------------|---------------------|---------------------|
| \$ 13,812 | \$ 12,367 | \$ 11,099 | \$ 10,733 |
| <u>13,812</u> | <u>12,367</u> | <u>11,099</u> | <u>10,733</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>\$ 5,888,184</u> | <u>\$ 5,696,162</u> | <u>\$ 5,626,955</u> | <u>\$ 5,444,475</u> |
| 0.23% | 0.22% | 0.20% | 0.20% |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

September 30, 2025

(1) Budgetary information

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

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

(2) Schedule of contributions

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Valuation date:

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

Methods and assumption used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 21 years (longest amortization ladder) |
| Asset valuation method | 10 year smoothed fair value, 12% soft corridor |
| Actuarial assumption: | |
| Inflation | 2.50% |
| Salary increases | 3.6% to 11.85% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). |

Other information:

There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION



CITY OF ALAMO HEIGHTS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS

September 30, 2025

Nonmajor Governmental Funds

The City has the following nonmajor governmental funds:

Special Revenue Funds:

Confiscated Property – property and revenue as a result of police seizure from crime or purchased with dollars obtained from a crime which by law may be used only for police expenditures.

Court Security – revenue from court fines, specifically restricted by law to provide protection and security to the Municipal Court or the Court Office.

Community Benefit – revenue received from child safety fees assessed on certain court fines to be utilized for programs designed to enhance child safety.

LEOSE Employee Center Education – revenue received from several sources restricted by law for items that are beyond the normal budget for equipment, training, technology improvements and education.

Court Technology – revenue available from court fines designed to help keep Texas courts current with technology and restricted by law for upgrades to software, purchase and management of computer equipment.

Comprehensive Plan – funds to be used for the improvement of the city’s public realm.

Private Contributions – donations and revenue received by the city and designated per donation request for animal services, disaster relief, traffic islands or hike and bike trail development.

Street Maintenance – revenues from the dedicated half-cent sales tax and transfers in from the general fund and other city funds to maintain the existing streets.

Debt Service – revenue generated from property tax levies for the payment of long-term debt principal and interest costs.

Capital Replacement Fund – to account for revenues used for the capital replacement of vehicles, equipment and computer infrastructure.

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

September 30, 2025

| | SPECIAL REVENUE | | | | |
|---|-------------------------|-------------------|----------------------|--|---------------------|
| | CONFISCATED PROPERTY | COURT SECURITY | COMMUNITY BENEFIT | LEOSE EMPLOYEE CENTER EDUCATION | COURT TECHNOLOGY |
| ASSETS | | | | | |
| Cash | \$ 31,193 | \$ 115,560 | \$ 14,922 | \$ 34,290 | \$ 26,277 |
| Receivables - net of allowances for uncollectibles | - | - | - | - | - |
| Prepays | - | - | - | - | - |
| Total assets | <u>\$ 31,193</u> | <u>\$ 115,560</u> | <u>\$ 14,922</u> | <u>\$ 34,290</u> | <u>\$ 26,277</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 8,312 | \$ - | \$ - | \$ - | \$ - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | <u>8,312</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - taxes | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Non-spendable - prepaids | - | - | - | - | - |
| Restricted for: | | | | | |
| Confiscated property | 22,881 | - | - | - | - |
| Court security | - | 115,560 | - | - | - |
| Community programs | - | - | 14,922 | - | - |
| Police training | - | - | - | 34,290 | - |
| Court technology | - | - | - | - | 26,277 |
| Street maintenance | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Animal services | - | - | - | - | - |
| Committed for: | | | | | |
| Capital replacement | - | - | - | - | - |
| Comprehensive plans | - | - | - | - | - |
| Total fund balances | <u>22,881</u> | <u>115,560</u> | <u>14,922</u> | <u>34,290</u> | <u>26,277</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 31,193</u> | <u>\$ 115,560</u> | <u>\$ 14,922</u> | <u>\$ 34,290</u> | <u>\$ 26,277</u> |

FUNDS

| COMPREHENSIVE PLAN | PRIVATE CONTRIBUTIONS | STREET MAINTENANCE | DEBT SERVICE | CAPITAL REPLACEMENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|-----------------------|--------------------------|-----------------------|-------------------|--------------------------------|--|
| \$ 2,304,644 | \$ 33,958 | \$ 806,879 | \$ 275,816 | \$ 1,423,535 | \$ 5,067,074 |
| - | - | 146,802 | 25,268 | 8,775 | 180,845 |
| - | - | - | - | - | - |
| <u>\$ 2,304,644</u> | <u>\$ 33,958</u> | <u>\$ 953,681</u> | <u>\$ 301,084</u> | <u>\$ 1,432,310</u> | <u>\$ 5,247,919</u> |
| \$ 9,029 | \$ 14 | \$ - | \$ 550 | \$ - | \$ 17,905 |
| - | - | - | - | - | - |
| <u>9,029</u> | <u>14</u> | <u>-</u> | <u>550</u> | <u>-</u> | <u>17,905</u> |
| - | - | - | 23,924 | - | 23,924 |
| - | - | - | - | - | - |
| - | - | - | - | - | 22,881 |
| - | - | - | - | - | 115,560 |
| - | - | - | - | - | 14,922 |
| - | - | - | - | - | 34,290 |
| - | - | - | - | - | 26,277 |
| - | - | 35,972 | - | - | 35,972 |
| - | - | - | 276,610 | - | 276,610 |
| - | - | - | - | - | - |
| - | 33,944 | - | - | - | 33,944 |
| - | - | 917,709 | - | 1,432,310 | 2,350,019 |
| <u>2,295,615</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,295,615</u> |
| <u>2,295,615</u> | <u>33,944</u> | <u>953,681</u> | <u>276,610</u> | <u>1,432,310</u> | <u>5,206,090</u> |
| <u>\$ 2,304,644</u> | <u>\$ 33,958</u> | <u>\$ 953,681</u> | <u>\$ 301,084</u> | <u>\$ 1,432,310</u> | <u>\$ 5,247,919</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | SPECIAL REVENUE | | | | |
|--|-------------------------|-------------------|----------------------|--|---------------------|
| | CONFISCATED PROPERTY | COURT SECURITY | COMMUNITY BENEFIT | LEOSE EMPLOYEE CENTER EDUCATION | COURT TECHNOLOGY |
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 15,423 | 13,478 | 3,980 | 12,966 |
| Property forfeitures | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | <u>-</u> | <u>15,423</u> | <u>13,478</u> | <u>3,980</u> | <u>12,966</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | 11,948 | - | 3,688 | 906 |
| Public safety | 12,569 | - | 11,400 | - | - |
| Planning and development | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures | <u>12,569</u> | <u>11,948</u> | <u>11,400</u> | <u>3,688</u> | <u>906</u> |
| Excess (deficiency) of revenues over (under) expenditures | (12,569) | 3,475 | 2,078 | 292 | 12,060 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer in | - | - | - | - | - |
| Sale of assets | - | - | - | - | - |
| Total other financing sources and (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (12,569) | 3,475 | 2,078 | 292 | 12,060 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>35,450</u> | <u>112,085</u> | <u>12,844</u> | <u>33,998</u> | <u>14,217</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 22,881</u> | <u>\$ 115,560</u> | <u>\$ 14,922</u> | <u>\$ 34,290</u> | <u>\$ 26,277</u> |

F U N D S

| COMPREHENSIVE PLAN | PRIVATE CONTRIBUTIONS | STREET MAINTENANCE | DEBT SERVICE | CAPITAL REPLACEMENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|-----------------------|--------------------------|-----------------------|-------------------|--------------------------------|--|
| \$ - | \$ - | \$ 911,900 | \$ 1,305,920 | \$ - | \$ 2,217,820 |
| 136,600 | - | - | - | - | 182,447 |
| - | - | - | - | - | - |
| - | 12,010 | - | - | - | 12,010 |
| <u>136,600</u> | <u>12,010</u> | <u>911,900</u> | <u>1,305,920</u> | <u>-</u> | <u>2,412,277</u> |
| - | 3,435 | - | - | - | 19,977 |
| - | - | - | - | - | 23,969 |
| 305,853 | - | - | - | - | 305,853 |
| 37,382 | - | 1,644,660 | - | 950,957 | 2,632,999 |
| - | - | - | 990,000 | - | 990,000 |
| - | - | - | 324,763 | - | 324,763 |
| <u>343,235</u> | <u>3,435</u> | <u>1,644,660</u> | <u>1,314,763</u> | <u>950,957</u> | <u>4,297,561</u> |
| (206,635) | 8,575 | (732,760) | (8,843) | (950,957) | (1,885,284) |
| 50,000 | - | - | - | 215,607 | 265,607 |
| <u>26,775</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>63,083</u> | <u>89,858</u> |
| <u>76,775</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>278,690</u> | <u>355,465</u> |
| (129,860) | 8,575 | (732,760) | (8,843) | (672,267) | (1,529,819) |
| <u>2,425,475</u> | <u>25,369</u> | <u>1,686,441</u> | <u>285,453</u> | <u>2,104,577</u> | <u>6,735,909</u> |
| <u>\$ 2,295,615</u> | <u>\$ 33,944</u> | <u>\$ 953,681</u> | <u>\$ 276,610</u> | <u>\$ 1,432,310</u> | <u>\$ 5,206,090</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-------------------|-------------------|----------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUE | | | | |
| Interest income | \$ 380,631 | \$ 380,631 | \$ 692,473 | \$ 311,842 |
| Total revenue | <u>380,631</u> | <u>380,631</u> | <u>692,473</u> | <u>311,842</u> |
| EXPENDITURES | | | | |
| Streets | <u>25,000</u> | <u>25,000</u> | <u>33,976</u> | <u>(8,976)</u> |
| Total expenditures | <u>25,000</u> | <u>25,000</u> | <u>33,976</u> | <u>(8,976)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>355,631</u> | <u>355,631</u> | <u>658,497</u> | <u>302,866</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | <u>25,000</u> | <u>25,000</u> | <u>80,000</u> | <u>55,000</u> |
| Total other financing sources (uses) | <u>25,000</u> | <u>25,000</u> | <u>80,000</u> | <u>55,000</u> |
| Net change in fund balance | <u>\$ 380,631</u> | <u>\$ 380,631</u> | 738,497 | <u>\$ 357,866</u> |
| FUND BALANCE AT OCTOBER 1, 2024 | | | <u>16,063,555</u> | |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | <u>\$ 16,802,052</u> | |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|-------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUE | | | | |
| Sales taxes | \$ 868,811 | \$ 868,811 | \$ 911,900 | \$ 43,089 |
| EXPENDITURES | | | | |
| Capital outlay | 1,000,000 | 1,000,000 | 1,644,660 | (644,660) |
| Excess (deficiency) of revenues over (under) expenditures | (131,189) | (131,189) | (732,760) | (601,571) |
| OTHER SOURCES (USES) | | | | |
| Transfer in | - | - | - | - |
| Net change in fund balance | <u>\$ (131,189)</u> | <u>\$ (131,189)</u> | (732,760) | <u>\$ (601,571)</u> |
| FUND BALANCE AT OCTOBER 1, 2024 | | | <u>1,686,441</u> | |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | <u>\$ 953,681</u> | |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|-----------------------|-----------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| REVENUE | | | | |
| Intergovernmental | \$ - | \$ - | \$ 136,600 | \$ 136,600 |
| EXPENDITURES | | | | |
| Planning and development | 1,450,000 | 1,450,000 | 305,853 | 1,144,147 |
| Capital outlay | - | - | 37,382 | (37,382) |
| Total expenditures | <u>1,450,000</u> | <u>1,450,000</u> | <u>343,235</u> | <u>1,106,765</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,450,000) | (1,450,000) | (206,635) | 1,243,365 |
| OTHER SOURCES (USES) | | | | |
| Sale of assets | - | - | 26,775 | 26,775 |
| Transfer in | <u>50,000</u> | <u>50,000</u> | <u>50,000</u> | <u>-</u> |
| Net change in fund balance | <u>\$ (1,400,000)</u> | <u>\$ (1,400,000)</u> | (129,860) | <u>\$ 1,270,140</u> |
| FUND BALANCE AT OCTOBER 1, 2024 | | | <u>2,425,475</u> | |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | <u>\$ 2,295,615</u> | |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|---------------------|---------------------|---------------------|--|
| | ORIGINAL | FINAL | | |
| EXPENDITURES | | | | |
| Capital outlay | \$ 498,608 | \$ 498,608 | \$ 950,957 | \$ (452,349) |
| Total expenditures | <u>498,608</u> | <u>498,608</u> | <u>950,957</u> | <u>(452,349)</u> |
| Excess (deficiency) of revenues over (under) expenditures | (498,608) | (498,608) | (950,957) | (452,349) |
| OTHER SOURCES (USES) | | | | |
| Sale of assets | - | - | 63,083 | 63,083 |
| Transfer in | <u>215,607</u> | <u>215,607</u> | <u>215,607</u> | <u>-</u> |
| Total other sources (uses) | <u>215,607</u> | <u>215,607</u> | <u>278,690</u> | <u>63,083</u> |
| Net change in fund balance | <u>\$ (283,001)</u> | <u>\$ (283,001)</u> | (672,267) | <u>\$ (389,266)</u> |
| FUND BALANCE AT OCTOBER 1, 2024 | | | <u>2,104,577</u> | |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | <u>\$ 1,432,310</u> | |

CITY OF ALAMO HEIGHTS, TEXAS

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

For the year ended September 30, 2025

| | BUDGETED AMOUNTS | | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|--|------------------|--------------|--------------|--|
| | ORIGINAL | FINAL | | |
| REVENUE | | | | |
| Property taxes | \$ 1,320,637 | \$ 1,320,637 | \$ 1,305,920 | \$ (14,717) |
| Total revenue | 1,320,637 | 1,320,637 | 1,305,920 | (14,717) |
| EXPENDITURES | | | | |
| Principal payment | 990,000 | 990,000 | 990,000 | - |
| Interest and fiscal charges | 324,763 | 324,763 | 324,763 | - |
| Total expenditures | 1,314,763 | 1,314,763 | 1,314,763 | - |
| Excess (deficiency) of revenues over (under) expenditures | 5,874 | 5,874 | (8,843) | (14,717) |
| FUND BALANCE AT OCTOBER 1, 2024 | 285,453 | 285,453 | 285,453 | - |
| FUND BALANCE AT SEPTEMBER 30, 2025 | | | \$ 276,610 | |

CITY OF ALAMO HEIGHTS, TEXAS

STATISTICAL SECTION

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS

NET POSITION, BY COMPONENT

LAST TEN FISCAL PERIODS

(ACCRUAL BASIS OF ACCCOUNTING)

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Net investment in capital assets | \$ 11,739,571 | \$ 11,636,003 | \$ 11,109,401 | \$ 10,055,717 |
| Restricted | 567,545 | 1,288,148 | 518,770 | 544,755 |
| Unrestricted | <u>12,109,761</u> | <u>7,582,752</u> | <u>5,755,569</u> | <u>4,478,622</u> |
| Total governmental activities net position | <u>\$ 24,416,877</u> | <u>\$ 20,506,903</u> | <u>\$ 17,383,740</u> | <u>\$ 15,079,094</u> |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Net investment in capital assets | \$ 9,724,687 | \$ 9,295,671 | \$ 8,907,010 | \$ 8,132,553 |
| Unrestricted | <u>3,496,037</u> | <u>2,669,888</u> | <u>2,480,740</u> | <u>3,001,697</u> |
| Total business-type activities net position | <u>\$ 13,220,724</u> | <u>\$ 11,965,559</u> | <u>\$ 11,387,750</u> | <u>\$ 11,134,250</u> |
| PRIMARY GOVERNMENT: | | | | |
| Net investment in capital assets | \$ 21,464,258 | \$ 20,931,674 | \$ 20,016,411 | \$ 18,188,270 |
| Restricted | 567,545 | 1,288,148 | 518,770 | 544,755 |
| Unrestricted | <u>15,605,798</u> | <u>10,252,640</u> | <u>8,236,309</u> | <u>7,480,319</u> |
| Total primary government net position | <u>\$ 37,637,601</u> | <u>\$ 32,472,462</u> | <u>\$ 28,771,490</u> | <u>\$ 26,213,344</u> |

Note:

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

TABLE 1

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 6,881,496 | \$ 7,539,445 | \$ 5,348,886 | \$ 3,795,534 | \$ 3,840,789 | \$ 3,346,580 |
| 581,091 | 349,371 | 369,015 | 1,375,530 | 340,397 | 369,349 |
| <u>4,971,049</u> | <u>2,800,515</u> | <u>3,541,307</u> | <u>2,593,935</u> | <u>2,143,435</u> | <u>1,728,809</u> |
| <u>\$ 12,433,636</u> | <u>\$ 10,689,331</u> | <u>\$ 9,259,208</u> | <u>\$ 7,764,999</u> | <u>\$ 6,324,621</u> | <u>\$ 5,444,738</u> |
| \$ 8,019,228 | \$ 8,174,500 | \$ 7,959,240 | \$ 8,137,876 | \$ 8,092,277 | \$ 8,072,064 |
| <u>2,462,898</u> | <u>1,559,023</u> | <u>1,302,354</u> | <u>976,720</u> | <u>799,592</u> | <u>748,423</u> |
| <u>\$ 10,482,126</u> | <u>\$ 9,733,523</u> | <u>\$ 9,261,594</u> | <u>\$ 9,114,596</u> | <u>\$ 8,891,869</u> | <u>\$ 8,820,487</u> |
| \$ 14,900,724 | \$ 15,713,945 | \$ 13,308,126 | \$ 11,933,410 | \$ 11,933,066 | \$ 11,418,644 |
| 581,091 | 349,371 | 369,015 | 1,375,530 | 340,397 | 369,349 |
| <u>7,433,947</u> | <u>4,359,538</u> | <u>4,843,661</u> | <u>3,570,655</u> | <u>2,943,027</u> | <u>2,477,232</u> |
| <u>\$ 22,915,762</u> | <u>\$ 20,422,854</u> | <u>\$ 18,520,802</u> | <u>\$ 16,879,595</u> | <u>\$ 15,216,490</u> | <u>\$ 14,265,225</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,655,321 | \$ 2,621,414 | \$ 2,591,843 | \$ 2,560,477 |
| Public safety | 7,964,566 | 7,207,302 | 6,760,485 | 5,823,134 |
| Streets | 1,920,896 | 1,527,747 | 1,889,131 | 1,631,039 |
| Sanitation | 1,016,249 | 1,019,313 | 978,585 | 792,239 |
| Planning and development | 922,374 | 673,396 | 570,887 | 541,601 |
| Parks and recreation | 629,898 | 544,630 | 558,175 | 477,851 |
| Interest on debt | <u>261,855</u> | <u>239,164</u> | <u>260,768</u> | <u>275,238</u> |
| Total governmental activities | <u>15,371,159</u> | <u>13,832,966</u> | <u>13,609,874</u> | <u>12,101,579</u> |
| Business-type activities: | | | | |
| Utility | <u>4,027,125</u> | <u>3,859,733</u> | <u>4,242,640</u> | <u>3,819,947</u> |
| Total business-type activities | <u>4,027,125</u> | <u>3,859,733</u> | <u>4,242,640</u> | <u>3,819,947</u> |
| Total primary government expenses | <u>19,398,284</u> | <u>17,692,699</u> | <u>17,852,514</u> | <u>15,921,526</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for service | | | | |
| General government | 2,390,994 | 2,151,988 | 1,556,655 | 942,682 |
| Public safety | 1,306,374 | 1,102,451 | 1,078,947 | 817,832 |
| Streets | - | - | - | - |
| Sanitation | 708,750 | 361,512 | 384,841 | 362,165 |
| Planning and development | - | - | 31,231 | 750,441 |
| Parks and recreation | - | - | - | - |
| Capital grants and contributions: | | | | |
| General government | - | - | - | - |
| Operating grants and contributions: | | | | |
| General government | <u>1,691,713</u> | <u>62,046</u> | <u>236,543</u> | <u>581,177</u> |
| Total governmental activities program revenues | <u>6,097,831</u> | <u>3,677,997</u> | <u>3,288,217</u> | <u>3,454,297</u> |
| Business-type activities: | | | | |
| Charges for service | | | | |
| Utility | <u>5,012,480</u> | <u>4,488,109</u> | <u>4,469,804</u> | <u>4,510,486</u> |
| Total business-type activities program revenues | <u>5,012,480</u> | <u>4,488,109</u> | <u>4,469,804</u> | <u>4,510,486</u> |
| Total primary government program revenues | <u>11,110,311</u> | <u>8,166,106</u> | <u>7,758,021</u> | <u>7,964,783</u> |

TABLE 2

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 2,031,697 | \$ 1,977,702 | \$ 2,028,929 | \$ 1,961,412 | \$ 1,895,152 | \$ 1,837,698 |
| 5,529,038 | 5,823,235 | 5,933,177 | 5,742,935 | 5,647,734 | 5,538,340 |
| 1,264,934 | 1,147,982 | 1,411,531 | 1,013,595 | 1,218,412 | 1,155,238 |
| 742,085 | 742,724 | 837,197 | 831,282 | 823,454 | 723,504 |
| 555,975 | 480,802 | 423,144 | 400,675 | 387,742 | 366,567 |
| 477,915 | 494,042 | 344,389 | 333,293 | 334,285 | 295,882 |
| <u>276,822</u> | <u>130,050</u> | <u>129,228</u> | <u>127,671</u> | <u>158,604</u> | <u>234,167</u> |
| <u>10,878,466</u> | <u>10,796,537</u> | <u>11,107,595</u> | <u>10,410,863</u> | <u>10,465,383</u> | <u>10,151,396</u> |
| | | | | | |
| <u>3,572,976</u> | <u>3,217,649</u> | <u>3,328,956</u> | <u>3,352,294</u> | <u>3,236,496</u> | <u>3,063,239</u> |
| <u>3,572,976</u> | <u>3,217,649</u> | <u>3,328,956</u> | <u>3,352,294</u> | <u>3,236,496</u> | <u>3,063,239</u> |
| | | | | | |
| <u>14,451,442</u> | <u>14,014,186</u> | <u>14,436,551</u> | <u>13,763,157</u> | <u>13,701,879</u> | <u>13,214,635</u> |
| | | | | | |
| 659,418 | 631,752 | 908,928 | 777,764 | 984,217 | 1,220,246 |
| 687,896 | 723,564 | 714,163 | 709,102 | 655,989 | 685,288 |
| - | - | - | - | - | - |
| 362,705 | 364,368 | 363,380 | 361,944 | 362,903 | 364,221 |
| 854,101 | 750,769 | 959,826 | 652,681 | 640,550 | 557,398 |
| - | - | - | - | - | - |
| - | - | - | 553,374 | 40,000 | - |
| <u>64,251</u> | <u>80,525</u> | <u>49,255</u> | <u>49,261</u> | <u>86,395</u> | <u>68,757</u> |
| <u>2,628,371</u> | <u>2,550,978</u> | <u>2,995,552</u> | <u>3,104,126</u> | <u>2,770,054</u> | <u>2,895,910</u> |
| | | | | | |
| <u>4,383,508</u> | <u>3,736,134</u> | <u>3,495,304</u> | <u>3,523,432</u> | <u>3,378,349</u> | <u>3,223,824</u> |
| <u>4,383,508</u> | <u>3,736,134</u> | <u>3,495,304</u> | <u>3,523,432</u> | <u>3,378,349</u> | <u>3,223,824</u> |
| | | | | | |
| <u>7,011,879</u> | <u>6,287,112</u> | <u>6,490,856</u> | <u>6,627,558</u> | <u>6,148,403</u> | <u>6,119,734</u> |

(continued)

CITY OF ALAMO HEIGHTS, TEXAS

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|---------------------|---------------------|
| Net (expense) revenues | | | | |
| Governmental activities | \$ (9,273,328) | \$ (10,154,969) | \$ (10,321,657) | \$ (9,397,723) |
| Business-type activities | <u>985,355</u> | <u>628,376</u> | <u>227,164</u> | <u>690,539</u> |
| Total primary government net expenses | <u>(8,287,973)</u> | <u>(9,526,593)</u> | <u>(10,094,493)</u> | <u>(8,707,184)</u> |
| GOVERNMENTAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 8,159,317 | 8,062,792 | 7,739,651 | 7,367,499 |
| Sales taxes | 2,735,697 | 2,516,730 | 2,553,433 | 2,599,290 |
| Other taxes | 778,905 | 800,945 | 849,594 | 864,225 |
| Unrestricted investment earnings | 1,486,394 | 1,686,014 | 1,315,112 | 199,155 |
| Miscellaneous | 122,367 | 117,338 | 74,965 | 120,818 |
| Proceeds from sale of assets | - | - | - | - |
| Special item | - | - | - | - |
| Sales of capital assets | 99,807 | 1,565 | 800 | 70,952 |
| Transfers | <u>(199,185)</u> | <u>92,748</u> | <u>92,748</u> | <u>70,801</u> |
| Total governmental activities | <u>13,183,302</u> | <u>13,278,132</u> | <u>12,626,303</u> | <u>11,292,740</u> |
| Business-type activities: | | | | |
| Interest and investment earnings | 62,763 | 31,771 | 115,468 | 24,258 |
| Miscellaneous | 7,862 | 10,410 | 3,616 | 8,128 |
| Transfers | <u>199,185</u> | <u>(92,748)</u> | <u>(92,748)</u> | <u>(70,801)</u> |
| Total business-type activities | <u>269,810</u> | <u>(50,567)</u> | <u>26,336</u> | <u>(38,415)</u> |
| CHANGES IN NET POSITION | | | | |
| Governmental activities | 3,909,974 | 3,123,163 | 2,304,646 | 1,895,017 |
| Business-type activities | <u>1,255,165</u> | <u>577,809</u> | <u>253,500</u> | <u>652,124</u> |
| Total primary government | <u>\$ 5,165,139</u> | <u>\$ 3,700,972</u> | <u>\$ 2,558,146</u> | <u>\$ 2,547,141</u> |

TABLE 2

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| \$ (8,250,095) | \$ (8,245,559) | \$ (8,112,043) | \$ (7,306,737) | \$ (7,695,329) | \$ (7,263,846) |
| <u>810,532</u> | <u>518,485</u> | <u>166,348</u> | <u>171,138</u> | <u>141,853</u> | <u>160,585</u> |
| <u>(7,439,563)</u> | <u>(7,727,074)</u> | <u>(7,945,695)</u> | <u>(7,135,599)</u> | <u>(7,553,476)</u> | <u>(7,103,261)</u> |
| 6,892,837 | 6,697,396 | 6,596,419 | 6,292,204 | 6,177,119 | 5,870,136 |
| 2,194,576 | 1,981,009 | 1,787,661 | 1,687,696 | 1,274,518 | 1,262,914 |
| 723,549 | 719,706 | 769,782 | 804,079 | 796,226 | 790,662 |
| 12,881 | 125,524 | 245,377 | 156,228 | 57,456 | 26,569 |
| 99,756 | 81,246 | 136,212 | 73,777 | 94,553 | 93,897 |
| - | - | - | 6,508 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>70,801</u> | <u>70,801</u> | <u>(70,801)</u> | <u>66,246</u> | <u>70,471</u> | <u>66,246</u> |
| <u>9,994,400</u> | <u>9,675,682</u> | <u>9,464,650</u> | <u>9,086,738</u> | <u>8,470,343</u> | <u>8,110,424</u> |
| 2,512 | 21,268 | 36,803 | 23,451 | - | - |
| 6,360 | 2,977 | 14,648 | 118,245 | - | 19,707 |
| <u>(70,801)</u> | <u>(70,801)</u> | <u>70,801</u> | <u>(66,246)</u> | <u>(70,471)</u> | <u>(66,246)</u> |
| <u>(61,929)</u> | <u>(46,556)</u> | <u>122,252</u> | <u>75,450</u> | <u>(70,471)</u> | <u>(46,539)</u> |
| 1,744,305 | 1,430,123 | 1,352,607 | 1,780,001 | 775,014 | 109,713 |
| <u>748,603</u> | <u>471,929</u> | <u>288,600</u> | <u>246,588</u> | <u>71,382</u> | <u>(122,771)</u> |
| <u>\$ 2,492,908</u> | <u>\$ 1,902,052</u> | <u>\$ 1,641,207</u> | <u>\$ 2,026,589</u> | <u>\$ 846,396</u> | <u>\$ (13,058)</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| GENERAL FUND | | | | |
| Non-spendable - prepaids | \$ 4,368 | \$ 109,840 | \$ 851,505 | \$ 90,118 |
| Unassigned | <u>8,678,562</u> | <u>6,593,651</u> | <u>6,255,878</u> | <u>6,227,944</u> |
| Total general fund | <u>\$ 8,682,930</u> | <u>\$ 6,703,491</u> | <u>\$ 7,107,383</u> | <u>\$ 6,318,062</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Restricted for: | | | | |
| Confiscated property | \$ 22,881 | \$ 35,450 | \$ 32,611 | \$ 20,020 |
| Court security | 115,560 | 112,085 | 102,013 | 88,861 |
| Community programs | 14,922 | 12,844 | 4,719 | 7,363 |
| Police training | 34,290 | 33,998 | 32,888 | 33,185 |
| Court technology | 26,277 | 14,217 | 21,639 | 24,363 |
| Comprehensive plan | - | - | - | - |
| Street maintenance | 35,972 | - | - | - |
| Animal services | 33,944 | 25,369 | 14,383 | 11,619 |
| TNR foster | - | - | - | - |
| Debt service | 276,610 | 285,453 | 310,517 | 359,344 |
| Capital projects | 13,355,080 | 16,063,555 | 15,282,104 | 14,668,140 |
| American Rescue Plan | 7,089 | - | - | - |
| Committed for: | | | | |
| Capital replacement | 5,796,991 | 2,252,747 | 1,629,732 | 659,980 |
| Street maintenance | - | - | 7,707 | 606,323 |
| Comprehensive plans | 2,295,615 | 2,425,475 | 1,519,555 | 440,636 |
| Private contributions | - | - | - | - |
| Assigned: | | | | |
| Capital projects | - | - | - | - |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total all other governmental funds | <u>\$ 22,015,231</u> | <u>\$ 21,261,193</u> | <u>\$ 18,957,868</u> | <u>\$ 16,919,834</u> |

TABLE 3

| 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 81,965 | \$ 81,965 | \$ 89,599 | \$ 89,599 | \$ 85,601 | \$ 86,642 |
| <u>5,770,612</u> | <u>5,653,691</u> | <u>5,374,977</u> | <u>4,487,739</u> | <u>3,830,544</u> | <u>3,545,922</u> |
| <u>\$ 5,852,577</u> | <u>\$ 5,735,656</u> | <u>\$ 5,464,576</u> | <u>\$ 4,577,338</u> | <u>\$ 3,916,145</u> | <u>\$ 3,632,564</u> |
| \$ 26,208 | \$ 24,289 | \$ 31,411 | \$ 26,071 | \$ 10,688 | \$ 11,977 |
| 84,447 | 74,665 | 117,145 | 114,808 | 106,438 | 97,208 |
| 20,236 | 33,263 | 34,063 | 25,237 | 65,041 | 96,233 |
| 32,943 | 33,387 | 31,154 | 31,667 | 32,483 | 31,403 |
| 30,492 | 25,927 | 24,702 | 11,868 | 15,709 | 27,806 |
| - | - | - | - | - | 9,743 |
| - | - | - | 1,039,019 | - | 9,868 |
| 17,385 | - | - | - | - | - |
| - | 8,383 | 4,766 | 9,336 | 4,687 | 12,034 |
| 369,380 | 149,737 | 125,774 | 117,524 | 105,351 | 73,077 |
| 14,118,268 | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,547,856 | 1,299,322 | 1,382,447 | 1,112,340 | 872,058 | 659,640 |
| 1,425,692 | 801,478 | 741,092 | 869,536 | 569,536 | 396,763 |
| 166,693 | 150,789 | 82,178 | 80,077 | 72,114 | 20,000 |
| - | - | - | - | - | - |
| 178,282 | 178,282 | 1,093,256 | 866,083 | 908,077 | 961,694 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 18,017,882</u> | <u>\$ 2,779,522</u> | <u>\$ 3,667,988</u> | <u>\$ 4,303,566</u> | <u>\$ 2,762,182</u> | <u>\$ 2,407,446</u> |

CITY OF ALAMO HEIGHTS, TEXAS

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|---------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 11,750,680 | \$ 11,334,656 | \$ 11,115,696 | \$ 10,820,121 |
| Licenses and permits | 1,260,279 | 1,312,811 | 696,944 | 750,441 |
| Intergovernmental | 2,680,909 | 792,939 | 941,260 | 1,149,231 |
| CIED revenue | - | - | - | - |
| Charges for services | 1,738,415 | 1,355,458 | 1,313,828 | 1,254,195 |
| Fines | 277,793 | 249,784 | 251,909 | 209,383 |
| Property forfeitures | - | - | - | - |
| Investment earnings | 1,486,395 | 1,686,014 | 1,315,111 | 199,155 |
| Miscellaneous | <u>122,367</u> | <u>117,338</u> | <u>154,116</u> | <u>172,221</u> |
| Total revenues | <u>19,316,838</u> | <u>16,849,000</u> | <u>15,788,864</u> | <u>14,554,747</u> |
| EXPENDITURES | | | | |
| General government | 2,372,066 | 2,200,279 | 2,152,294 | 2,370,350 |
| Public safety | 7,478,844 | 6,954,421 | 6,343,416 | 5,985,833 |
| Streets | 694,853 | 713,989 | 700,864 | 680,670 |
| Sanitation | 947,081 | 954,605 | 906,819 | 795,764 |
| Planning and development | 916,119 | 670,116 | 562,902 | 568,186 |
| Parks and recreation | 391,970 | 340,848 | 332,197 | 319,112 |
| Capital outlay | 3,891,155 | 360,149 | 1,545,092 | 2,527,424 |
| SBITA | - | 37,670 | - | - |
| Debt service: | | | | |
| Principal | 1,011,438 | 960,000 | 915,000 | 850,000 |
| Interest and fiscal charges | 325,817 | 344,113 | 366,012 | 410,783 |
| Bond issuance cost | - | - | - | - |
| Total expenditures | <u>18,029,343</u> | <u>13,536,190</u> | <u>13,824,596</u> | <u>14,508,122</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,287,495</u> | <u>3,312,810</u> | <u>1,964,268</u> | <u>46,625</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | (637,540) | (1,660,816) | (1,738,338) | (1,210,376) |
| Transfers out | 438,355 | 1,753,564 | 1,831,086 | 1,281,177 |
| Sale of assets | 99,807 | 1,565 | 800 | 19,550 |
| SBITA | - | 37,670 | - | - |
| Lease obligation | - | - | - | - |
| Bond proceeds | - | - | - | - |
| Bond premiums issued | - | - | - | - |
| Proceeds from insurance settlement | - | - | - | - |
| Payment to escrow agent | - | - | - | - |
| Total other financing sources (uses) | <u>(99,378)</u> | <u>131,983</u> | <u>93,548</u> | <u>90,351</u> |
| Net change in fund balances | <u>\$ 1,188,117</u> | <u>\$ 3,444,793</u> | <u>\$ 2,057,816</u> | <u>\$ 136,976</u> |
| Debt service as a percentage of noncapital expenditures | 9.46% | 9.90% | 10.43% | 10.52% |

TABLE 4

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 9,836,024 | \$ 9,424,483 | \$ 9,159,134 | \$ 8,834,234 | \$ 8,264,472 | \$ 7,962,696 |
| | 854,101 | 750,769 | 959,826 | 652,681 | 640,550 | 557,398 |
| | 529,499 | 509,179 | 465,276 | 500,077 | 554,490 | 501,461 |
| | - | - | - | - | - | - |
| | 1,118,478 | 1,084,287 | 1,294,874 | 1,237,709 | 1,223,119 | 1,400,679 |
| | 233,214 | 219,708 | 288,131 | 279,653 | 284,287 | 300,570 |
| | - | - | - | - | - | - |
| | 12,881 | 125,524 | 245,377 | 156,228 | 57,456 | 26,569 |
| | 86,514 | 110,599 | 144,960 | 618,541 | 103,519 | 106,847 |
| | <u>12,670,711</u> | <u>12,224,549</u> | <u>12,557,578</u> | <u>12,279,123</u> | <u>11,127,893</u> | <u>10,856,220</u> |
| | 1,766,333 | 1,684,692 | 1,731,575 | 1,699,236 | 1,714,263 | 1,615,661 |
| | 5,737,587 | 5,514,703 | 5,512,769 | 5,307,108 | 5,283,630 | 5,222,337 |
| | 586,322 | 514,674 | 493,911 | 495,929 | 487,630 | 527,469 |
| | 767,307 | 722,133 | 802,680 | 780,094 | 786,960 | 677,438 |
| | 575,416 | 479,211 | 412,467 | 388,666 | 379,662 | 360,546 |
| | 299,672 | 311,440 | 313,016 | 296,819 | 302,840 | 280,127 |
| | 258,541 | 2,827,622 | 2,181,720 | 260,318 | 870,337 | 527,414 |
| | - | - | - | - | - | - |
| | 565,000 | 746,600 | 789,660 | 767,711 | 742,690 | 645,000 |
| | 279,928 | 122,786 | 138,921 | 154,583 | 174,367 | 191,655 |
| | - | - | - | - | - | 38,625 |
| | <u>10,836,106</u> | <u>12,923,861</u> | <u>12,376,719</u> | <u>10,150,464</u> | <u>10,742,379</u> | <u>10,086,272</u> |
| | <u>1,834,605</u> | <u>(699,312)</u> | <u>180,859</u> | <u>2,128,659</u> | <u>385,514</u> | <u>769,948</u> |
| | (1,285,831) | (1,285,329) | (1,094,409) | (780,254) | (830,000) | (823,082) |
| | 1,356,632 | 1,356,130 | 1,165,210 | 846,500 | 900,471 | 889,328 |
| | 25,820 | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 11,125 | - | - | 77,463 | - |
| | 17,700,000 | - | - | - | - | 1,605,000 |
| | 640,434 | - | - | - | - | 108,941 |
| | - | - | - | - | - | - |
| | (4,916,379) | - | - | - | - | (1,707,712) |
| | <u>13,520,676</u> | <u>81,926</u> | <u>70,801</u> | <u>66,246</u> | <u>147,934</u> | <u>72,475</u> |
| \$ | <u>15,355,281</u> | <u>(617,386)</u> | <u>251,660</u> | <u>2,194,905</u> | <u>533,448</u> | <u>842,423</u> |
| | 7.99% | 8.61% | 9.11% | 9.33% | 9.29% | 8.75% |

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 5

| | TAXABLE ASSESSED VALUE PERSONAL PROPERTY | TAXABLE ASSESSED VALUE REAL PROPERTY | TOTAL TAXABLE ASSESSED VALUE | TOTAL DIRECT TAX RATE |
|-------------------------------|--|--|---------------------------------------|--------------------------------|
| Year ended September 30, 2025 | \$ 27,397,821 | \$ 2,408,256,486 | \$ 2,435,654,307 | 0.370147 |
| Year ended September 30, 2024 | 28,441,736 | 2,212,318,934 | 2,240,760,670 | 0.370980 |
| Year ended September 30, 2023 | 27,724,231 | 2,053,138,431 | 2,080,862,662 | 0.388051 |
| Year ended September 30, 2022 | 27,566,705 | 1,747,497,993 | 1,775,064,698 | 0.404439 |
| Year ended September 30, 2021 | 27,821,192 | 1,842,246,293 | 1,870,067,485 | 0.386439 |
| Year ended September 30, 2020 | 27,682,663 | 1,799,802,432 | 1,827,485,095 | 0.386439 |
| Year ended September 30, 2019 | 38,867,712 | 1,692,308,676 | 1,731,176,388 | 0.386439 |
| Year ended September 30, 2018 | 38,406,710 | 1,638,595,415 | 1,677,002,125 | 0.389900 |
| Year ended September 30, 2017 | 36,295,321 | 1,551,854,285 | 1,588,149,606 | 0.390262 |
| Year ended September 30, 2016 | 34,135,262 | 1,421,781,934 | 1,455,917,196 | 0.390262 |

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 |
| 2025 | 0.311327 | 0.058820 | 0.370147 | 0.9662 | 0.27633 | 0.14915 | 0.276235 | 0.04154 | 2.07960 |
| 2024 | 0.311741 | 0.059239 | 0.370980 | 0.9662 | 0.27633 | 0.14915 | 0.276235 | 0.04167 | 2.08056 |
| 2023 | 0.326051 | 0.062000 | 0.388051 | 0.9666 | 0.27633 | 0.14915 | 0.276235 | 0.04167 | 2.09804 |
| 2022 | 0.336439 | 0.068000 | 0.404439 | 1.1964 | 0.27633 | 0.14915 | 0.276235 | 0.04203 | 2.32790 |
| 2021 | 0.336439 | 0.050000 | 0.386439 | 1.1964 | 0.27743 | 0.14915 | 0.276235 | 0.04225 | 2.23790 |
| 2020 | 0.336439 | 0.050000 | 0.386439 | 1.1950 | 0.27743 | 0.14915 | 0.276235 | 0.04225 | 2.32650 |
| 2019 | 0.336439 | 0.050000 | 0.386439 | 1.2550 | 0.27743 | 0.14915 | 0.276235 | 0.04225 | 2.38650 |
| 2018 | 0.336439 | 0.050000 | 0.386439 | 1.1950 | 0.27743 | 0.14915 | 0.276235 | 0.04225 | 2.33653 |
| 2017 | 0.332900 | 0.057000 | 0.389900 | 1.1950 | 0.29325 | 0.14915 | 0.276235 | 0.03299 | 2.34244 |
| 2016 | 0.330762 | 0.059500 | 0.390262 | 1.1950 | 0.29750 | 0.14915 | 0.276235 | 0.03429 | 2.35635 |

Notes:

Source: Bexar County Appraisal District

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

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 7

| TAXPAYERS | 2025 | | PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE | 2016 | | PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE |
|-----------------------------|------------------------------|------|--|------------------------------|------|--|
| | TAXABLE ASSESSED VALUE | RANK | | TAXABLE ASSESSED VALUE | RANK | |
| REIF III-5500 BROADWAY LLC | \$ 43,250,000 | 1 | 1.78% | | N/A | |
| HEB GROCERY COMPANY LP | 18,251,190 | 2 | 0.75% | \$ 15,314,548 | 1 | 0.96% |
| ALAMO HEIGHTS TREEHOUSE LTD | 14,469,750 | 3 | 0.59% | 7,000,000 | 3 | 0.44% |
| 200 AUSTIN HWY LTD | 8,240,000 | 4 | 0.34% | | N/A | |
| GLENN H HUDDLESTON | 8,224,400 | 5 | 0.34% | 7,240,360 | 2 | 0.46% |
| EXCHANGE 09 LLC | 7,760,630 | 6 | 0.32% | | N/A | |
| CHRISTOPHER GOLDSBURY JR | 7,021,400 | 7 | 0.29% | 6,666,290 | 5 | 0.42% |
| STEWART CENTER INC | 6,930,940 | 8 | 0.28% | 6,989,976 | 4 | 0.44% |
| ATWELL PROPERTIES LTD | 6,815,180 | 9 | 0.28% | | N/A | |
| 5307 BROADWAY LTD | 6,000,000 | 10 | 0.25% | | N/A | |
| BARNES WILLIAM MICHAEL | N/A | | | 5,685,780 | 6 | 0.36% |
| GEORGE A GEIS | N/A | | | 5,535,761 | 7 | 0.35% |
| SOUTHWESTERN BELL TELEPHONE | N/A | | | 5,054,455 | 8 | 0.32% |
| BEXAR DIVERSIFIED INC MF-1 | N/A | | | 4,008,820 | 9 | 0.25% |
| SCHNEIDER LOIS REV L/TR | N/A | | | 3,734,000 | 10 | 0.24% |
| TOTAL | \$ 126,963,490 | | 5.21% | \$ 67,229,990 | | 4.24% |

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 |
| 2025 | \$ 8,196 | \$ 8,145 | 99.38% | \$ - | \$ - | |
| 2024 | 8,008 | 7,939 | 99.14% | 42 | 7,981 | 99.67% |
| 2023 | 7,748 | 7,685 | 99.19% | 42 | 7,727 | 99.73% |
| 2022 | 7,365 | 7,308 | 99.23% | 38 | 7,346 | 99.74% |
| 2021 | 6,867 | 6,826 | 99.40% | 23 | 6,849 | 99.74% |
| 2020 | 6,727 | 6,680 | 99.30% | 33 | 6,713 | 99.79% |
| 2019 | 6,593 | 6,548 | 99.32% | 30 | 6,578 | 99.78% |
| 2018 | 6,291 | 6,248 | 99.32% | 28 | 6,276 | 99.76% |
| 2017 | 6,160 | 6,115 | 99.27% | 31 | 6,146 | 99.78% |
| 2016 | 5,875 | 5,819 | 99.05% | 44 | 5,863 | 99.80% |

Note:

Source: Bexar Appraisal District

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 9

| FISCAL PERIOD | GOVERNMENTAL ACTIVITIES ^a | | | | | BUSINESS-TAX ACTIVITIES ^a | | | TOTAL PRIMARY GOVERNMENT | PERCENTAGE OF PERSONAL INCOME ^d | PER CAPITA ^d |
|---------------|---|---------------------------------------|----------|---------------|---|---------------------------------------|---------------|-------|--------------------------|--|-------------------------|
| | COMBINATION TAX AND REVENUE BONDS CO's ^b | GENERAL OBLIGATION BONDS ^c | LEASES | SUBSCRIPTIONS | COMBINATION TAX AND REVENUE BONDS CO's ^b | GENERAL OBLIGATION BONDS ^c | | | | | |
| 2025 | \$ - | \$ 13,838,419 | \$ 2,434 | \$ 15,057 | \$ - | \$ 321,907 | \$ 14,177,817 | 1.76% | 1,636 | | |
| 2024 | - | 14,873,768 | 5,074 | 33,855 | - | 475,361 | 15,388,058 | 1.91 | 1,776 | | |
| 2023 | - | 15,879,117 | 8,126 | 24,206 | - | 623,814 | 16,535,263 | 2.05 | 1,908 | | |
| 2022 | - | 16,839,466 | 12,443 | - | - | 767,268 | 17,619,177 | 2.18 | 2,033 | | |
| 2021 | - | 17,734,815 | - | - | - | 910,721 | 18,645,536 | 2.32 | 2,165 | | |
| 2020 | - | 4,909,085 | - | - | - | 1,049,175 | 5,958,260 | 0.74 | 692 | | |
| 2019 | - | 5,673,836 | 26,600 | - | - | 1,187,629 | 6,888,065 | 0.89 | 802 | | |
| 2018 | - | 6,401,798 | 111,260 | - | - | 1,321,083 | 7,834,141 | 1.22 | 975 | | |
| 2017 | - | 7,114,760 | 165,574 | - | - | 1,449,536 | 8,729,870 | 1.54 | 1,086 | | |
| 2016 | 490,000 | 7,337,722 | 231,544 | - | 110,000 | 1,462,990 | 9,632,256 | 1.65 | 1,160 | | |

Notes:

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

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 10

| <u>FISCAL YEAR</u> | <u>GENERAL OBLIGATION BONDS</u> | <u>LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND</u> | <u>TOTAL</u> | <u>PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY</u> | <u>PER CAPITA</u> |
|------------------------|---|---|---------------|---|-----------------------|
| 2025 | \$ 14,160,326 | \$ 276,610 | \$ 13,883,716 | 0.57% | \$ 1,602 |
| 2024 | 15,349,129 | 285,453 | 15,063,676 | 0.67 | 1,993 |
| 2023 | 16,502,931 | 310,517 | 16,192,414 | 0.72 | 1,868 |
| 2022 | 17,606,734 | 359,344 | 17,247,390 | 0.83 | 1,990 |
| 2021 | 18,645,536 | 369,380 | 18,276,156 | 1.03 | 2,122 |
| 2020 | 5,958,260 | 149,737 | 5,808,523 | 0.31 | 676 |
| 2019 | 6,861,465 | 125,774 | 6,735,691 | 0.37 | 838 |
| 2018 | 7,722,881 | 117,524 | 7,605,357 | 0.44 | 946 |
| 2017 | 8,564,296 | 105,351 | 8,458,945 | 0.5 | 1,084 |
| 2016 | 9,400,712 | 73,077 | 9,327,635 | 0.59 | 993 |

CITY OF ALAMO HEIGHTS, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF

September 30, 2025

TABLE 11

| GOVERNMENTAL UNIT | DEBT OUTSTANDING | AS OF | ESTIMATED PERCENTAGE APPLICABLE | ESTIMATED SHARE OF OVERLAPPING DEBT |
|---|---------------------|-----------|---------------------------------------|--|
| Debt repaid with property taxes | | | | |
| Alamo Community College District | \$ 844,175,000 * | 9/30/2025 | 0.97 % | \$ 8,188,498 |
| Alamo Heights Independent School District | 263,585,000 * | 9/30/2025 | 23.76 | 62,627,796 |
| Bexar County | 2,152,210,000 * | 9/30/2025 | 0.97 | 20,876,437 |
| Bexar County Hospital District | 1,238,865,000 * | 9/30/2025 | 0.97 | <u>12,016,991</u> |
| Total Overlapping Debt: | | | | <u>103,709,721</u> |
| City of Alamo Heights | | | | <u>13,855,910</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | | <u>\$ 117,565,631</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT % OF A.V.: | | | | 4.83% |
| TOTAL DIRECT AND OVERLAPPING DEBT PER CAPITA: | | | | \$ 15,467 |

* Gross Debt

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

CITY OF ALAMO HEIGHTS, TEXAS

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL PERIODS**

TABLE 12

| <u>YEAR</u> | <u>POPULATION</u> | <u>PERSONAL INCOME</u> | <u>PER CAPITA PERSONAL INCOME</u> | <u>MEDIAN AGE</u> | <u>EDUCATION LEVEL WITH AT LEAST A BACHELOR'S</u> | <u>SCHOOL ENROLLMENT</u> | <u>UNEMPLOYMENT RATE</u> |
|-------------|-------------------|------------------------|-----------------------------------|-------------------|---|--------------------------|--------------------------|
| 2025 | 7,601 | 885,045,238 | \$ 116,438 | 41 | 73.3% | 4,678 | 1.5% |
| 2024 | 7,557 | 763,483,710 | 101,030 | 41 | 73.3% | 4,786 | 0.8% |
| 2023 | 8,668 | 917,828,516 | 105,887 | 40 | 74.2% | 4,824 | 1.7% |
| 2022 | 8,668 | 807,346,188 | 93,141 | 44 | 74.2% | 4,846 | 1.7% |
| 2021 | 8,614 | 802,316,574 | 93,141 | 44 | 74.4% | 4,786 | 4.5% |
| 2020 | 8,593 | 800,360,613 | 93,141 | 44 | 74.4% | 4,917 | 7.7% |
| 2019 | 8,038 | 727,808,748 | 90,546 | 43 | 70.5% | 4,786 | 2.9% |
| 2018 | 8,038 | 643,562,470 | 80,065 | 44 | 73.6% | 4,808 | 3.1% |
| 2017 | 8,038 | 566,687,038 | 70,501 | 44 | 73.6% | 4,808 | 3.2% |
| 2016 | 7,806 | 550,330,806 | 70,501 | 45 | 71.4% * | 4,808 | 3.8% |

Notes:

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

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

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 13

| EMPLOYER | 2025 | | | 2016 | | |
|---|-----------|------|---|-----------|------|---|
| | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT (1) | EMPLOYEES | RANK | PERCENTAGE OF TOTAL CITY EMPLOYMENT (2) |
| Fort Sam Houston | 36,000 | 1 | 2.80% | 32,000 | 2 | 2.83% |
| Lackland Air Force Base | 34,000 | 2 | 2.64% | 37,097 | 1 | 3.28% |
| H.E.B. Food Stores | 20,000 | 3 | 1.55% | 21,000 | 3 | 1.86% |
| United Services Automobile Association | 19,000 | 4 | 1.48% | 17,163 | 4 | 1.52% |
| City of San Antonio | 15,000 | 5 | 1.17% | 11,922 | 6 | 1.06% |
| Northside Independent School District | 13,000 | 6 | 1.01% | 13,969 | 5 | 1.24% |
| Methodist Healthcare System | 12,000 | 7 | 0.93% | 8,960 | 9 | 0.79% |
| Randolph Air Force Base | 9,000 | 8 | 0.70% | 11,068 | 7 | 0.98% |
| North East Independent School District | 8,206 | 9 | 0.64% | 9,292 | 8 | 0.82% |
| The University of Texas Health Science Center | 7,930 | 10 | 0.62% | N/A | | |
| Baptist Health System | N/A | | | 6,432 | 10 | 0.57% |
| Totals | 174,136 | | 13.54% | 168,903 | | 14.95% |

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.

CITY OF ALAMO HEIGHTS, TEXAS

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

TABLE 14

| <u>FUNCTION/PROGRAM</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General government | | | | | | | | | | |
| Administration | 8 | 9 | 9 | 9 | 8 | 7 | 7 | 7 | 7 | 7 |
| Municipal court* | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Planning and development | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 4 | 4 | 4 |
| Public safety | | | | | | | | | | |
| Police** | 28 | 27 | 25 | 23 | 23 | 23 | 23 | 23 | 23 | 25 |
| Communications center | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Fire | 17 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 20 |
| EMS*** | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 |
| Public works | | | | | | | | | | |
| Public works administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Parks | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Streets | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Solid waste | 8 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Utilities | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Totals | <u>101</u> | <u>104</u> | <u>103</u> | <u>101</u> | <u>101</u> | <u>100</u> | <u>100</u> | <u>99</u> | <u>99</u> | <u>105</u> |

Note:

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

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

*** EMS has one part-time administrative position

CITY OF ALAMO HEIGHTS, TEXAS

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

| <u>FUNCTION/PROGRAM</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------|-------------|-------------|-------------|
| General government | | | | |
| Building permits issued | 351 | 326 | 353 | 396 |
| Police | | | | |
| Arrests | 247 | 266 | 203 | 337 |
| Parking violations | 455 | 536 | 504 | 532 |
| Traffic violations | 4,308 | 4,990 | 3,791 | 5,574 |
| Fire | | | | |
| Number of calls answered | 1,918 | 2,094 | 1,922 | 1,898 |
| Number of fire responses | 855 | 902 | 893 | 820 |
| Number of EMS responses | 1,063 | 1,192 | 1,029 | 1,078 |
| Number of inspections | 565 | 392 | 341 | 318 |
| Number of training classes | 942 | 902 | 704 | 675 |
| Water | | | | |
| Total consumption (gallons) | 460,773,663 | 464,661,112 | 533,308,404 | 546,463,001 |
| Daily average consumption (gallons) | 1,262,394 | 1,273,044 | 1,461,119 | 1,497,159 |
| Number of service connections | 3,126 | 3,157 | 3,107 | 3,150 |
| Average daily use per connection | 404 | 403 | 470 | 475 |
| Sewer | | | | |
| Total customers | 2,724 | 2,734 | 2,710 | 2,725 |

Note:

Source: Various City Departments

TABLE 15

| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 657 | 421 | 244 | 249 | 242 | 172 |
| 255 | 187 | 368 | 282 | 379 | 249 |
| 368 | 223 | 371 | 361 | 357 | 428 |
| 2,644 | 1,335 | 5,168 | 5,552 | 4,246 | 5,538 |
| 1,693 | 1,367 | 1,663 | 1,406 | 1,399 | 1,502 |
| 694 | 484 | 614 | 489 | 452 | 581 |
| 999 | 883 | 1,049 | 917 | 947 | 921 |
| 103 | 160 | 288 | 284 | 209 | 190 |
| 1,170 | 857 | 713 | 531 | 708 | 899 |
| 500,734,695 | 652,249,000 | 606,513,000 | 579,934,834 | 593,338,470 | 660,050,100 |
| 1,371,876 | 1,786,984 | 1,661,679 | 1,588,863 | 1,625,585 | 1,808,356 |
| 3,156 | 3,058 | 3,131 | 3,077 | 3,037 | 3,055 |
| 435 | 584 | 531 | 516 | 535 | 592 |
| 2,658 | 2,648 | 2,766 | 2,784 | 2,772 | 2,755 |

CITY OF ALAMO HEIGHTS, TEXAS

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

| <u>FUNCTION/PROGRAM</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> |
|-------------------------------|-------------|-------------|-------------|-------------|
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol units | 11 | 11 | 10 | 9 |
| Fire | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Training facility | 2 | 2 | 2 | 2 |
| Fire apparatus | 2 | 2 | 2 | 2 |
| EMS | | | | |
| Ambulance | 3 | 3 | 3 | 3 |
| Sanitation | | | | |
| Garbage trucks | 6 | 6 | 6 | 6 |
| Streets | | | | |
| Streets paved (miles) | 41.40 | 41.40 | 41.40 | 41.40 |
| Lane miles | 1,048 | 1,048 | 1,048 | 1,048 |
| Parks | | | | |
| Swimming pools | 1 | 1 | 1 | 1 |
| Baseball/softball diamonds | 2 | 2 | 2 | 2 |
| Animal control | | | | |
| Control vehicle | 2 | 2 | 2 | 2 |
| Water | | | | |
| Number of reservoirs | 1 | 1 | 1 | 1 |
| Number of pump stations | 6 | 6 | 6 | 6 |
| Number of water mains (miles) | 44 | 44 | 44 | 44.2 |
| Sewer | | | | |
| Sanitary sewers (miles) | 32 | 32 | 32 | 32.3 |

Note:

Source: City asset listing and various City departments

TABLE 16

| <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8 | 8 | 8 | 7 | 7 | 7 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 41.40 | 41.40 | 41.40 | 41.40 | 41.40 | 41.40 |
| 1,048 | 1,048 | 1,048 | 1,048 | 1,048 | 1,048 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 2 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 44.2 | 44.2 | 44.2 | 44.2 | 44.2 | 44.2 |
| 32 | 32 | 32 | 32 | 32 | 32 |



COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas

March 23, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Alamo Heights, Texas' (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ABIP, PC

San Antonio, Texas
March 23, 2026



CITY OF ALAMO HEIGHTS, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended September 30, 2025

SECTION 1 – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified
Internal control over financial reporting:
• Material weakness(es) identified? ___ Yes ___X No
• Significant deficiency(ies) identified not considered to be material weaknesses? ___ Yes ___X None Reported
Noncompliance material to financial statements noted? ___ Yes ___X No

Federal Awards

Internal control over major programs:
• Material weakness(es) identified? ___ Yes ___X No
• Significant deficiency(ies) identified not considered to be material weaknesses? ___ Yes ___X None Reported
Type of auditor’s report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) ___ Yes ___X No

Identification of Major Programs

Table with 2 columns: Federal Assistance Listing Number(s) and Name of Federal Program or Cluster. Row 1: 21.027, Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B federal programs: \$1,000,000

Auditee qualified as low-risk auditee? ___Yes ___X No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings required to be reported in accordance with Government Auditing Standards.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF ALAMO HEIGHTS, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2025

There were no prior audit findings reported.

CITY OF ALAMO HEIGHTS, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2025

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u> | <u>FEDERAL ASSISTANCE LISTING NUMBER</u> | <u>GRANTOR'S PASS-THROUGH ENTITY IDENTIFYING NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|--|--|---|---------------------------------|
| U.S. DEPARTMENT OF TREASURY Texas Department of Emergency Management Coronavirus State and Local Fiscal Recovery Funds | 21.027 | 17460020690 | \$ <u>1,538,905</u> |
| TOTAL FEDERAL EXPENDITURES | | | \$ <u><u>1,538,905</u></u> |

CITY OF ALAMO HEIGHTS, TEXAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2025

(1) Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Alamo Heights under programs of the federal government for the year ended September 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

(2) Summary of significant accounting policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the standards applicable to financial audits contained in Uniform Grant Management Standards promulgated by the Office of the Governor under 34 TAC part 1, Chapter 20, Subchapter 1 - Comptroller.

(3) The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) The City did not pass through any grants to subrecipients.