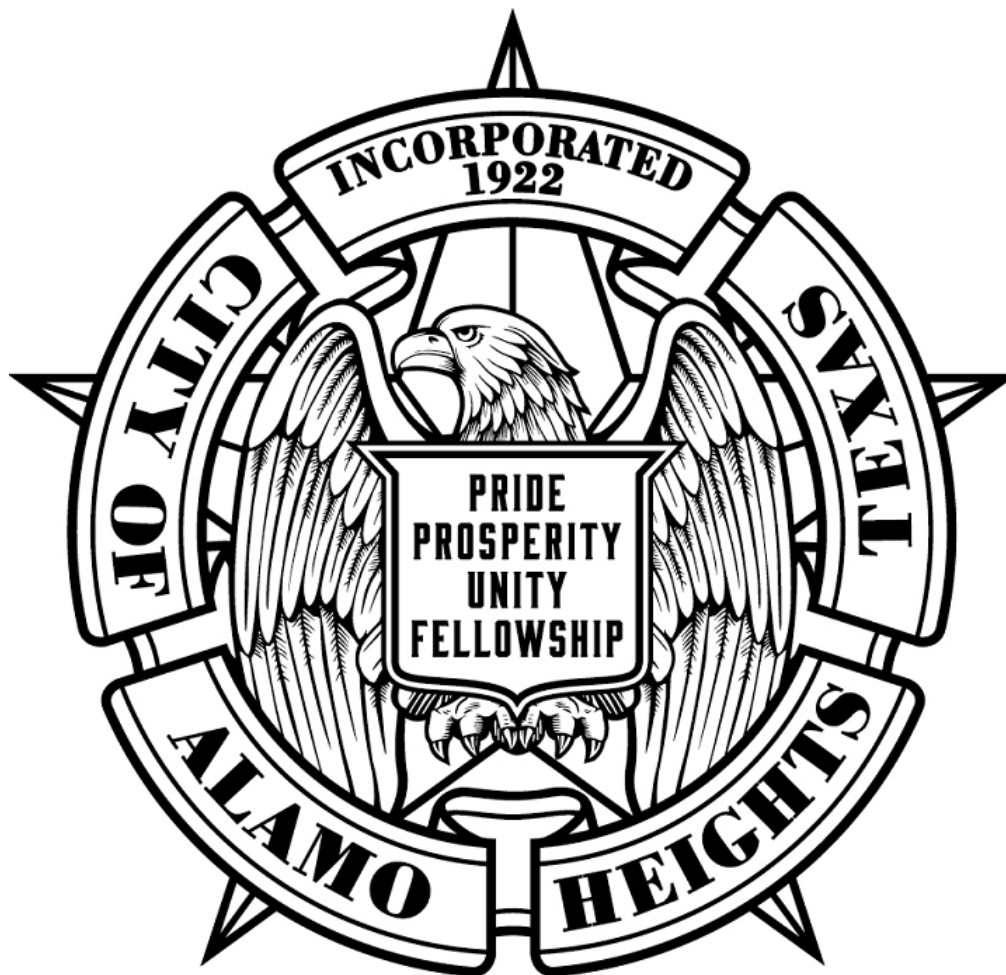


CITY OF ALAMO HEIGHTS, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018



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

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INTRODUCTORY SECTION

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



February 25, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Alamo Heights, Texas (City) for the year ended September 30, 2018 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 unqualified ("clean") opinion on the City of Alamo Heights financial statements for the year ended September 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

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

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

LOCAL ECONOMY

The City is located within the San Antonio metropolitan area, completely surrounded by the City of San Antonio, the seventh largest city in the country, and other small municipalities. Most of the revenues for the City of Alamo Heights are not from tourism, which is a major revenue source for the San Antonio area. Property taxes constitute the majority of general fund revenues, representing 55 percent of general fund revenues. The City's revenue sources have remained strong through the entire Fiscal Year 2017-18.

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

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 competitive and the City realized net present value savings of \$195,355. The city received a bond rating of AAA from Standard and Poors.

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.

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

Long-Term Financial Planning

The City is committed to continue funding its capital program on a pay-as-you-go basis. Transfers to the Street Maintenance Fund and the Capital Replacement Fund from the General Fund play a significant role in short-term and long-term financial strategies. Each year during

the budget process the 20-year Street Maintenance Program is reviewed and revised for the coming year along with the 10-year Capital Replacement Program. Revenue and expense projections for the current year provide staff and council with the necessary information to determine the amount to be transferred to these plans for the current year and budgeted transfers for the coming year.

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

MAJOR INITIATIVES

Each year, the City's management team, in association with the city council, creates and presents to the full city council, for their consideration and approval, a Strategic Action Plan that establishes action steps that are adopted to be accomplished during the next fiscal year. The Strategic Action Plan serves as a baseline for the formulation of the Annual Budget and each action step is assigned to individual city departments to be accomplished and to specific city council committees for review. The Strategic Action Plan adopted for fiscal year 2017-2018 is as follows:

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

During the 2017-2018 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

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

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alamo Heights for its comprehensive annual financial report (CAFR) for the twelve months ended September 30, 2017. This was the twenty-first consecutive period that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

Buddy Kuhn

Buddy Kuhn
City Manager

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Government Finance Officers Association

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

Presented to

**City of Alamo Heights
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

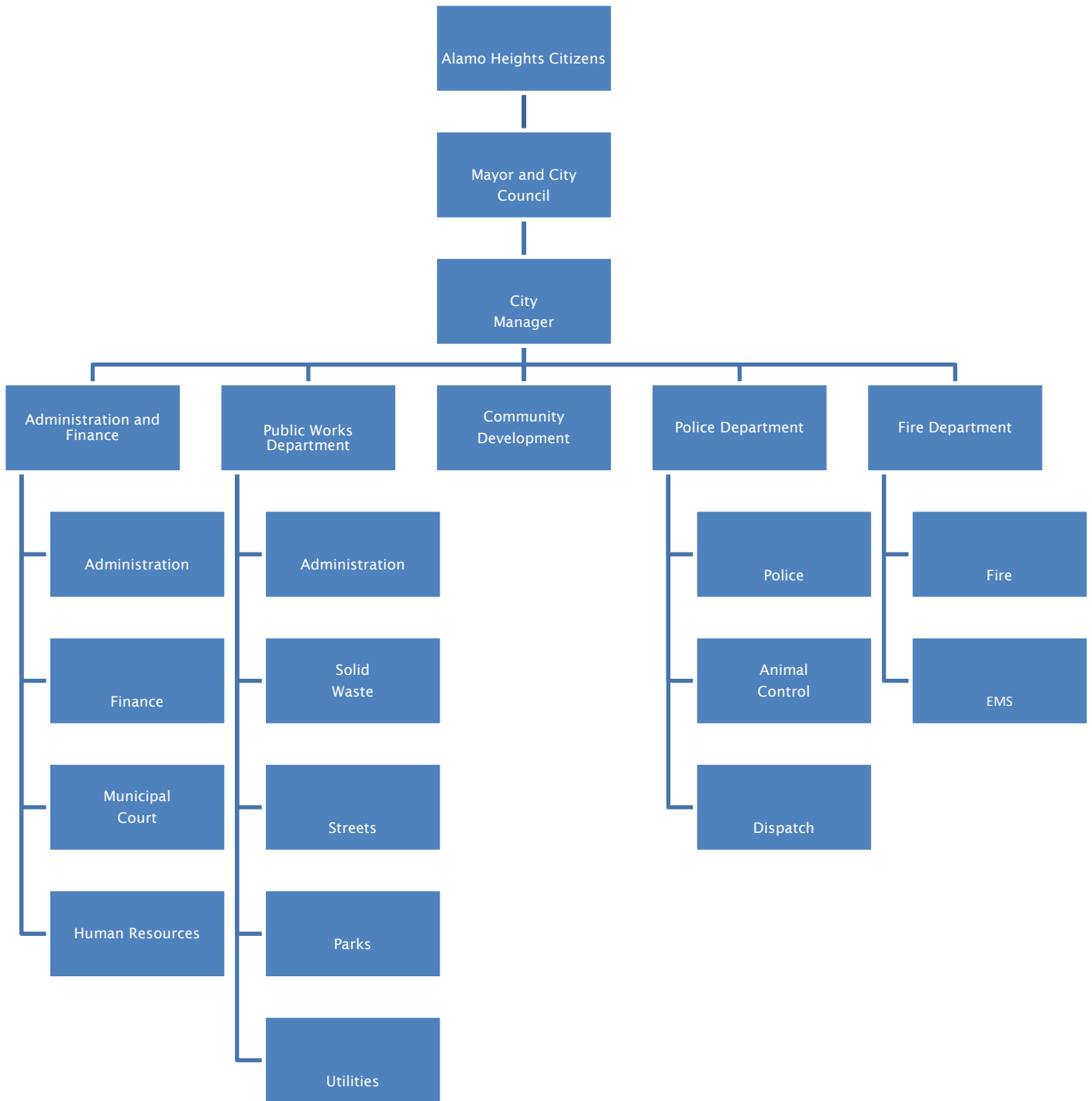
Executive Director/CEO

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CITY OF ALAMO HEIGHTS, TEXAS
CITY OFFICIALS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Mayor	Bobby Rosenthal
Council Members	Lawson Jessee Wes Sharples Fred Prassel John Savage Lynda Billa Burke
City Manager	Mark Browne
City Attorney	Michael Brennan
Director of Finance	Robert Galindo
Community Development Director	Kenneth Roberts
Public Works Director	Patrick Sullivan
Fire Chief/Assistant City Manager	Buddy Kuhn
Police Chief	Rick Pruitt

CITY OF ALAMO HEIGHTS, TEXAS
ORGANIZATION CHART - SEPTEMBER 30, 2018



FINANCIAL SECTION

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alamo Heights, Texas, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual non-major fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and budgetary comparisons are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

ABIP, PC

San Antonio, Texas
February 25, 2019

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CITY OF ALAMO HEIGHTS, TEXAS

Management's Discussion and Analysis (MD & A)

As management of the City of Alamo Heights, Texas, (the City), readers are offered the City's financial statements, this narrative overview, and analysis of the City's financial activities for year ending September 30, 2018. 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 \$6,292,204 and increased by more than 1.8% 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, 2018 was \$179,679 as compared to \$57,456 for the year ended September 30, 2017. This increase was the result of an increase in the investment balances related to the operations and rising interest rates.
- The City's change in net position which includes all activity types increased this year by \$2,026,589.
- The City implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", which recognized additional liabilities and deferred outflows of resources of \$325,517.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, using accounting methods similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

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

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

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

Fund Financial Statements

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

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

Governmental Funds

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

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

The City maintains the following governmental funds: a general fund, nine (9) special revenue funds, one capital projects fund, and a debt service fund. These funds are presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

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

Proprietary Funds

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

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

Notes to the Financial Statements

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

Other Information

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

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the City's case, assets exceeded liabilities by \$16,879,595 at September 30, 2018. Of this amount, \$3,570,655 or approximately 21% 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 62% of total assets represent capital assets. The City uses these capital assets to provide services to the taxing units and the citizens and property owners of Alamo Heights; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Further, at year end, the City ended with \$10,411,407, or approximately 33% of total assets, in unrestricted cash and cash equivalents and investments, which represent adequate liquidity compared to total assets of \$31,770,579. Long-term liabilities amounted to \$13,228,729, which represents net pension liability, other postemployment benefits liability, certificates of obligations, general obligations, premiums on bonds, capital lease, and amounts accrued for compensated absences.

Statement of Net Position

	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2018	2017	2018	2017	2018	2017
Other Assets	\$ 10,059,571	\$ 8,775,087	\$ 2,068,905	\$ 1,783,943	\$ 12,128,476	\$ 10,559,030
Capital Assets	<u>10,234,422</u>	<u>11,046,953</u>	<u>9,407,681</u>	<u>9,484,838</u>	<u>19,642,103</u>	<u>20,531,791</u>
TOTAL ASSETS	<u>20,293,993</u>	<u>19,822,040</u>	<u>11,476,586</u>	<u>11,268,781</u>	<u>31,770,579</u>	<u>31,090,821</u>
Deferred Outflows of Resources	<u>796,941</u>	<u>1,511,777</u>	<u>131,586</u>	<u>225,852</u>	<u>928,527</u>	<u>1,737,629</u>
Long-Term Liabilities	11,357,042	12,733,275	1,871,687	2,068,721	13,228,729	14,801,996
Other Liabilities	<u>1,278,879</u>	<u>2,058,882</u>	<u>544,976</u>	<u>505,464</u>	<u>1,823,855</u>	<u>2,564,346</u>
TOTAL LIABILITIES	<u>12,635,921</u>	<u>14,792,157</u>	<u>2,416,663</u>	<u>2,574,185</u>	<u>15,052,584</u>	<u>17,366,342</u>
Deferred Inflows of Resources	<u>690,014</u>	<u>217,039</u>	<u>76,913</u>	<u>28,579</u>	<u>766,927</u>	<u>245,618</u>
Net Position						
Net Investment in Capital Assets	3,795,534	3,840,789	8,137,876	8,092,277	11,933,410	11,933,066
Restricted	1,375,530	340,397	-	-	1,375,530	340,397
Unrestricted	<u>2,593,935</u>	<u>2,143,435</u>	<u>976,720</u>	<u>799,592</u>	<u>3,570,655</u>	<u>2,943,027</u>
TOTAL NET POSITION	<u>\$ 7,764,999</u>	<u>\$ 6,324,621</u>	<u>\$ 9,114,596</u>	<u>\$ 8,891,869</u>	<u>\$ 16,879,595</u>	<u>\$ 15,216,490</u>

Statement of Activities

At September 30, 2018, the governmental activities ended with an overall increase in net position of \$1,440,378 after the restatement (see Note 7 to the financial statements). Property taxes account for approximately 52% of governmental activities revenues and increased in the current year due to increase property tax valuations.

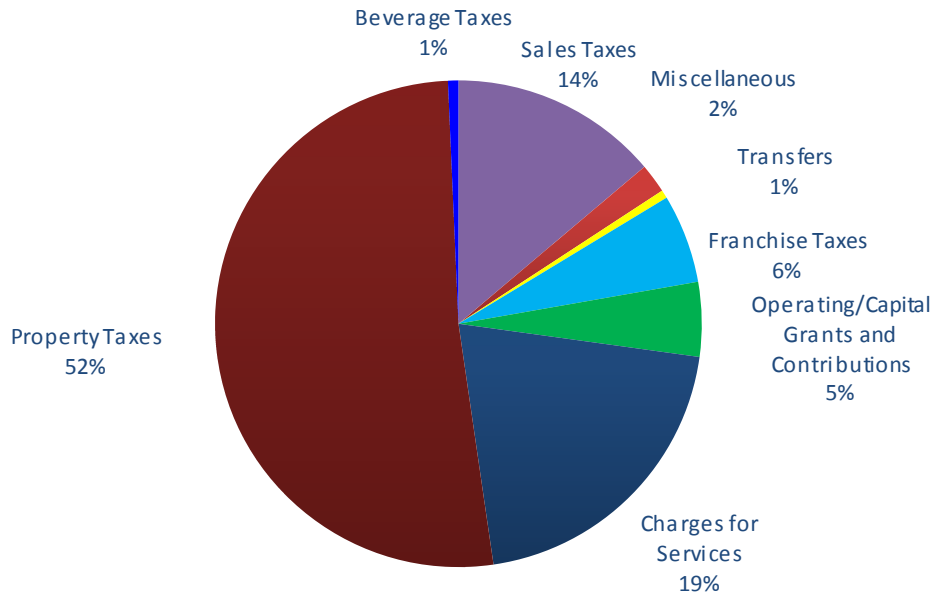
The net position in the business-type activities increased by \$222,727 after the restatement (see Note 7 to the financial statements). The net position provides for the operation and maintenance of the City's water distribution and sanitary sewer systems and for the provision of water and sewer services to its customers.

CHANGES IN NET POSITION

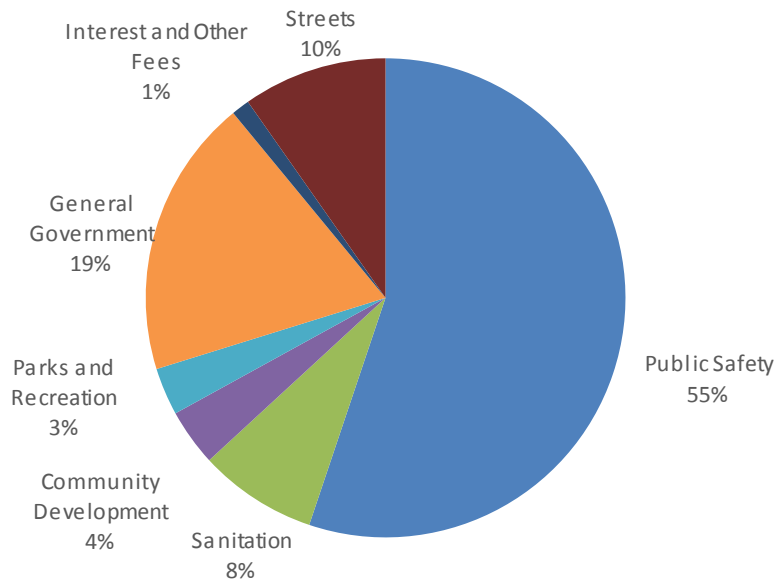
	GOVERNMENTAL		BUSINESS-TYPE		TOTAL	
	ACTIVITIES		ACTIVITIES			
	2018	2017	2018	2017	2018	2017
<u>REVENUES</u>						
Program Revenues						
Charges for Services	\$ 2,501,491	\$ 2,643,659	\$ 3,523,432	\$ 3,378,349	\$ 6,024,923	\$ 6,022,008
Operating Grants and Contributions	49,261	86,395	-	-	49,261	86,395
Capital Grants and Contributions	553,374	40,000	-	-	553,374	40,000
General Revenues						
Property Taxes	6,292,204	6,177,119	-	-	6,292,204	6,177,119
Sales Taxes	1,687,696	1,274,518	-	-	1,687,696	1,274,518
Franchise Taxes	720,387	725,074	-	-	720,387	725,074
Beverage Taxes	83,692	71,152	-	-	83,692	71,152
Unrestricted Investment Earnings	156,228	57,456	23,451	-	179,679	57,456
Miscellaneous	73,777	94,553	118,245	-	192,022	94,553
Sale of Capital Assets	6,508	-	-	-	6,508	-
Total Revenues	<u>12,124,618</u>	<u>11,169,926</u>	<u>3,665,128</u>	<u>3,378,349</u>	<u>15,789,746</u>	<u>14,548,275</u>
<u>EXPENSES</u>						
General Government	1,961,412	1,895,152	-	-	1,961,412	1,895,152
Public Safety	5,742,935	5,647,734	-	-	5,742,935	5,647,734
Streets	1,013,595	1,218,412	-	-	1,013,595	1,218,412
Sanitation	831,282	823,454	-	-	831,282	823,454
Planning and Development	400,675	387,742	-	-	400,675	387,742
Parks and Recreation	333,293	334,285	-	-	333,293	334,285
Interest and Other Fees	127,671	158,604	-	-	127,671	158,604
Utility	-	-	3,352,294	3,236,496	3,352,294	3,236,496
Total Expenses	<u>10,410,863</u>	<u>10,465,383</u>	<u>3,352,294</u>	<u>3,236,496</u>	<u>13,763,157</u>	<u>13,701,879</u>
Increase (Decrease) in Net Position before Transfers	1,713,755	704,543	312,834	141,853	2,026,589	846,396
<u>TRANSFERS</u>	<u>66,246</u>	<u>70,471</u>	<u>(66,246)</u>	<u>(70,471)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,780,001	775,014	246,588	71,382	2,026,589	846,396
<u>NET POSITION - BEGINNING</u>	<u>6,324,621</u>	<u>5,444,738</u>	<u>8,891,869</u>	<u>8,820,487</u>	<u>15,216,490</u>	<u>14,265,225</u>
<u>RESTATEMENT OF BEGINNING NET POSITION</u>	<u>(339,623)</u>	<u>104,869</u>	<u>(23,861)</u>	<u>-</u>	<u>(363,484)</u>	<u>104,869</u>
<u>NET POSITION - BEGINNING AS RESTATED</u>	<u>5,984,998</u>	<u>5,549,607</u>	<u>8,868,008</u>	<u>8,820,487</u>	<u>14,853,006</u>	<u>14,370,094</u>
<u>NET POSITION - ENDING</u>	<u>\$ 7,764,999</u>	<u>\$ 6,324,621</u>	<u>\$ 9,114,596</u>	<u>\$ 8,891,869</u>	<u>\$ 16,879,595</u>	<u>\$ 15,216,490</u>

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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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The City reported the general fund, the capital replacement fund, and the streets maintenance fund as major governmental funds. The general fund is the chief operating fund of the City. The primary source of revenue in the general fund consists of property taxes. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$4,487,739 compared to \$3,830,544 in 2017, an increase of \$657,195. This change was due to the increase in ad valorem collections, sales and franchise tax revenues during the year. The fund balance reflects a point in time and the effect of the tax cycle. At the end of the current fiscal year, the fund balance in the capital replacements fund was \$1,112,340 compared to \$872,058 in 2017, an increase of \$240,282 due to a transfer for anticipated purchases of capital assets in accordance with the City's capital replacement plans.

Proprietary Funds

As reported earlier, the primary function of the proprietary funds of the City is the utility operation. Revenues for proprietary funds amounted to \$3,665,128 and expenses were \$3,352,294. This resulted in a \$246,588 increase in net position, before the restatement. Primary cause of the increase in net position was due to personnel turnover and commodity expenses being less than budgeted. Net position at year end was \$9,114,596.

General Fund Budgetary Highlights

The revision in the budget were amounts to be transferred to the Street Maintenance Fund and Capital Replacement Fund.

Revenues were more than budget by \$300,136 and expenditures were under budget by \$807,613. The savings in expenditures are mainly attributable to a reduction of staff positions as well as personnel turnover in the general fund. Significant budgetary variances during the period ended September 30, 2018 included the following:

A majority of the positive revenue budget variance was attributed to licenses and permits which were over budget by \$157,481 in the positive.

In public safety, all four departments had favorable variances due to a total of six positions being strategically reduced as follows: two in police, two in fire, and two in emergency medical services. Fire and EMS had favorable variances of \$103,671 and \$104,431, respectively.

Capital Assets

At the end of 2018, the City's investment in capital assets for its governmental and business-type activities was (net of accumulated depreciation) \$10,234,422 and \$9,407,681, respectively. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture, office equipment, computers, infrastructure and the utility system. Depreciation expense for the year was \$1,080,493 and \$348,158 for governmental and business-type activities, respectively. For more detail on capital assets, refer to Note 3D of the financial statements.

Schedule of Change in Capital Assets

CAPITAL ASSETS (Net of Depreciation)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017*	2018	2017	2018	2017*
Land	\$ 1,479,580	\$ 1,479,580	\$ -	\$ -	\$ 1,479,580	\$ 1,479,580
Buildings	7,267,057	7,501,320	-	-	7,267,057	7,501,320
Infrastructure	784,047	1,207,435	-	-	784,047	1,207,435
Improvements Other Than Buildings	112,705	125,651	-	-	112,705	125,651
Furniture, Fixtures, and Equipment	591,033	740,611	43,672	66,522	634,705	807,133
Utility System	-	-	9,364,009	9,418,316	9,364,009	9,418,316
TOTALS	\$ 10,234,422	\$ 11,054,597	\$ 9,407,681	\$ 9,484,838	\$ 19,642,103	\$ 20,539,435

* The above schedule reflects the restatement of \$7,644 to the September 30, 2017 capital asset balances. See Note 7 to the financial statements for additional information.

Long-Term Debt

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

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2018	2017*	2018	2017	2018	2017*
Certificates of Obligations	\$ 6,320,000	\$ 7,010,000	\$ 1,245,000	\$ 1,365,000	\$ 7,565,000	\$ 8,375,000
Capital Leases	111,260	243,371	-	-	111,260	243,371
Bond Premium	81,798	104,760	76,083	84,536	157,881	189,296
Compensated Absences	338,520	346,383	26,534	20,849	365,054	367,232
TOTAL DEBT	\$ 6,851,578	\$ 7,704,514	\$ 1,347,617	\$ 1,470,385	\$ 8,199,195	\$ 9,174,899

* The above schedule reflects the restatement of \$77,797 to the September 30, 2017 long term debt balances. See Note 7 to the financial statements for additional information.

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

Economic Factors

The economy in Alamo Heights and Texas is very stable. In September 2018, the unemployment rate was 3.3% in the metropolitan area. Property valuations have steadily increased and sales taxes are stable.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,873,970	\$ 1,537,437	\$ 10,411,407
Receivables - Net of Allowances for Uncollectibles:			
Taxes	131,453	-	131,453
Accounts	964,549	478,012	1,442,561
Prepays	89,599	603	90,202
Restricted Assets:			
Cash and Cash Equivalents	-	52,853	52,853
Capital Assets not being Depreciated			
Land	1,479,580	-	1,479,580
Capital Assets - Net of Accumulated Depreciation			
Buildings	7,267,057	-	7,267,057
Infrastructure	784,047	-	784,047
Improvements Other than Buildings	112,705	-	112,705
Utility System	-	9,364,009	9,364,009
Furniture, Fixtures, and Equipment	591,033	43,672	634,705
TOTAL ASSETS	<u>20,293,993</u>	<u>11,476,586</u>	<u>31,770,579</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Outflows - Loss on Refunding	74,170	51,278	125,448
Deferred Outflows Related to TMRS Pension	695,831	77,315	773,146
Deferred Outflows Related to TMRS OPEB	26,940	2,993	29,933
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>796,941</u>	<u>131,586</u>	<u>928,527</u>
<u>LIABILITIES</u>			
Accounts Payable	169,005	314,103	483,108
Other Payables	-	36,465	36,465
Accrued Payroll	62,502	7,545	70,047
Due to Other Governments	55,560	-	55,560
Accrued Interest	51,608	4,588	56,196
Unearned Revenues	99,408	-	99,408
Payable from Restricted Assets:			
Customer Deposits	-	52,853	52,853
Long-Term Liabilities			
Short-Term Portion	840,796	129,422	970,218
Net Pension Liability	5,026,355	617,947	5,644,302
OPEB Liability	319,905	35,545	355,450
Long-Term Portion	6,010,782	1,218,195	7,228,977
TOTAL LIABILITIES	<u>12,635,921</u>	<u>2,416,663</u>	<u>15,052,584</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred Inflows Related to TMRS	690,014	76,913	766,927
<u>NET POSITION</u>			
Net Investment in Capital Assets	3,795,534	8,137,876	11,933,410
Restricted for:			
Confiscated Property	26,071	-	26,071
Court Security	114,808	-	114,808
Community Programs	25,237	-	25,237
Police Training	31,667	-	31,667
Court Technology	11,868	-	11,868
Street Maintenance	1,039,019	-	1,039,019
Animal Services	9,336	-	9,336
Debt Service	117,524	-	117,524
Unrestricted	2,593,935	976,720	3,570,655
TOTAL NET POSITION	<u>\$ 7,764,999</u>	<u>\$ 9,114,596</u>	<u>\$ 16,879,595</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2018

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities							
General Government	\$ 1,961,412	\$ 1,430,445	\$ 34,145	\$ -	\$ (496,822)	\$ -	\$ (496,822)
Public Safety	5,742,935	709,102	15,116	-	(5,018,717)	-	(5,018,717)
Streets	1,013,595	-	-	553,374	(460,221)	-	(460,221)
Sanitation	831,282	361,944	-	-	(469,338)	-	(469,338)
Community							
Development	400,675	-	-	-	(400,675)	-	(400,675)
Parks and Recreation	333,293	-	-	-	(333,293)	-	(333,293)
Interest and Other Fees	<u>127,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(127,671)</u>	<u>-</u>	<u>(127,671)</u>
Total Governmental Activities	10,410,863	2,501,491	49,261	553,374	(7,306,737)	-	(7,306,737)
Business-Type Activities							
Utility	<u>3,352,294</u>	<u>3,523,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,138</u>	<u>171,138</u>
TOTAL GOVERNMENT	<u>\$ 13,763,157</u>	<u>\$ 6,024,923</u>	<u>\$ 49,261</u>	<u>\$ 553,374</u>	<u>(7,306,737)</u>	<u>171,138</u>	<u>(7,135,599)</u>
General Revenues							
Taxes:							
Property Taxes					6,292,204	-	6,292,204
Sales Taxes					1,687,696	-	1,687,696
Franchise Taxes					720,387	-	720,387
Beverage Taxes					83,692	-	83,692
Unrestricted Investment							
Earnings					156,228	23,451	179,679
Miscellaneous					73,777	118,245	192,022
Sale of Capital Assets					6,508	-	6,508
Transfers					<u>66,246</u>	<u>(66,246)</u>	<u>-</u>
Total General Revenues and Transfers					<u>9,086,738</u>	<u>75,450</u>	<u>9,162,188</u>
Change in Net Position					1,780,001	246,588	2,026,589
NET POSITION AT BEGINNING OF YEAR					<u>6,324,621</u>	<u>8,891,869</u>	<u>15,216,490</u>
RESTATEMENT OF BEGINNING NET POSITION					<u>(339,623)</u>	<u>(23,861)</u>	<u>(363,484)</u>
NET POSITION AT BEGINNING OF YEAR AS RESTATED					<u>5,984,998</u>	<u>8,868,008</u>	<u>14,853,006</u>
NET POSITION AT END OF YEAR					<u>\$ 7,764,999</u>	<u>\$ 9,114,596</u>	<u>\$ 16,879,595</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>GENERAL FUND</u>	<u>STREET MAINTENANCE</u>	<u>CAPITAL REPLACEMENT FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 4,663,870	\$ 1,816,114	\$ 1,112,340	\$ 1,281,646	\$ 8,873,970
Receivables - Net of Allowances for Uncollectibles					
Taxes, Net	113,929	-	-	17,524	131,453
Accounts	872,108	92,441	-	-	964,549
Prepays	89,599	-	-	-	89,599
TOTAL ASSETS	<u>\$ 5,739,506</u>	<u>\$ 1,908,555</u>	<u>\$ 1,112,340</u>	<u>\$ 1,299,170</u>	<u>\$ 10,059,571</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 168,955	\$ -	\$ -	\$ 50	\$ 169,005
Accrued Liabilities	118,922	-	-	-	118,922
Due to Other Governments	55,560	-	-	-	55,560
Unearned Revenues	99,408	-	-	-	99,408
Total Liabilities	<u>442,845</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>442,895</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenues - Taxes	107,652	-	-	16,449	124,101
Unearned Revenues - Warrants	611,671	-	-	-	611,671
Total Deferred Inflows of Resources	<u>719,323</u>	<u>-</u>	<u>-</u>	<u>16,449</u>	<u>735,772</u>
<u>FUND BALANCES</u>					
Non-Spendable - Prepays	89,599	-	-	-	89,599
Restricted for:					
Confiscated Property	-	-	-	26,071	26,071
Court Security	-	-	-	114,808	114,808
Community Programs	-	-	-	25,237	25,237
Police Training	-	-	-	31,667	31,667
Court Technology	-	-	-	11,868	11,868
Street Maintenance	-	1,039,019	-	-	1,039,019
Animal Services	-	-	-	9,336	9,336
Debt Service	-	-	-	117,524	117,524
Committed for:					
Capital Replacement	-	-	1,112,340	-	1,112,340
Street Maintenance	-	869,536	-	-	869,536
Comprehensive Plan	-	-	-	80,077	80,077
Assigned					
Capital Projects	-	-	-	866,083	866,083
Unassigned	4,487,739	-	-	-	4,487,739
Total Fund Balances	<u>4,577,338</u>	<u>1,908,555</u>	<u>1,112,340</u>	<u>1,282,671</u>	<u>8,880,904</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,739,506</u>	<u>\$ 1,908,555</u>	<u>\$ 1,112,340</u>	<u>\$ 1,299,170</u>	<u>\$ 10,059,571</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
RECONCILIATION OF BALANCE SHEET -
GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

<u>TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</u>	\$ 8,880,904
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,234,422
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	735,772
Accrued vacation leave payable is not due and payable in the current period and, therefore not reported in the funds.	(282,100)
Long-term liabilities, which includes certificates of obligation bonds, general obligation bonds, premiums and capital lease payable, are not due and payable in the current period and, therefore, not reported in the funds.	(6,513,058)
Deferred amounts on refunding bonds are deferred outflows of resources and, therefore, are not reported in the funds.	74,170
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.	(5,313,503)
Accrued interest payable on certificates of obligation are not due and payable in the current period and, therefore, not reported in the funds.	<u>(51,608)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET POSITION	<u>\$ 7,764,999</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
YEAR ENDED SEPTEMBER 30, 2018

	<u>GENERAL FUND</u>	<u>STREET MAINTENANCE</u>	<u>CAPITAL REPLACEMENT FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>					
Taxes	\$ 7,419,502	\$ 562,566	\$ -	\$ 852,166	\$ 8,834,234
Licenses and Permits	652,681	-	-	-	652,681
Intergovernmental	435,698	-	19,633	44,746	500,077
Charges for Services	1,237,709	-	-	-	1,237,709
Fines	263,883	-	-	15,770	279,653
Investment Earnings	156,228	-	-	-	156,228
Miscellaneous	75,285	528,741	-	14,515	618,541
Total Revenues	<u>10,240,986</u>	<u>1,091,307</u>	<u>19,633</u>	<u>927,197</u>	<u>12,279,123</u>
<u>EXPENDITURES</u>					
General Government	1,624,286	-	20,314	54,636	1,699,236
Public Safety	5,277,899	-	-	29,209	5,307,108
Streets	495,929	-	-	-	495,929
Sanitation	780,094	-	-	-	780,094
Planning and Development	366,530	-	-	22,136	388,666
Parks and Recreation	296,819	-	-	-	296,819
Capital Outlay	31,900	52,288	126,991	49,139	260,318
Debt Service					
Principal	-	-	77,711	690,000	767,711
Interest and Fiscal Charges	-	-	4,589	149,994	154,583
Total Expenditures	<u>8,873,457</u>	<u>52,288</u>	<u>229,605</u>	<u>995,114</u>	<u>10,150,464</u>
Excess of Revenues Over Expenditures	<u>1,367,529</u>	<u>1,039,019</u>	<u>(209,972)</u>	<u>(67,917)</u>	<u>2,128,659</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer Out	(780,254)	-	-	-	(780,254)
Transfer In	66,246	300,000	450,254	30,000	846,500
Total Other Financing Sources (Uses)	<u>(714,008)</u>	<u>300,000</u>	<u>450,254</u>	<u>30,000</u>	<u>66,246</u>
Net Change in Fund Balances	653,521	1,339,019	240,282	(37,917)	2,194,905
<u>FUND BALANCES - BEGINNING</u>	3,916,145	569,536	872,058	1,320,588	6,678,327
<u>RESTATEMENT OF FUND BALANCE</u>	7,672	-	-	-	7,672
<u>FUND BALANCES - BEGINNING - AS RESTATED</u>	<u>3,923,817</u>	<u>569,536</u>	<u>872,058</u>	<u>1,320,588</u>	<u>6,685,999</u>
FUND BALANCES - ENDING	<u>\$ 4,577,338</u>	<u>\$ 1,908,555</u>	<u>\$ 1,112,340</u>	<u>\$ 1,282,671</u>	<u>\$ 8,880,904</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
RECONCILIATION OF CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS TO
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,194,905

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 (\$1,080,493) exceeded capital outlay (\$260,318).	(820,175)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(154,505)
The repayment and issuance of the principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position.	822,111
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.	22,962
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.	(295,800)
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.	<u>10,503</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,780,001</u>

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,537,437
Receivables - Net of Allowance for Uncollectibles	478,012
Restricted Cash and Cash Equivalents:	
Customer Deposits - Restricted	52,853
Prepays	<u>603</u>
Total Current Assets	<u>2,068,905</u>

NONCURRENT ASSETS

Capital Assets:	
Utility System	14,539,092
Furniture, Fixtures, and Equipment	<u>540,733</u>
Totals	15,079,825
Less: Accumulated Depreciation	<u>(5,672,144)</u>
Total Capital Assets - Net of Accumulated Depreciation	<u>9,407,681</u>
Total Noncurrent Assets	<u>9,407,681</u>
TOTAL ASSETS	<u>11,476,586</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflow - Loss on Refunded Debt	51,278
Deferred Outflow - Pension	77,315
Deferred Outflow - OPEB	<u>2,993</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>131,586</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 11,608,172</u>
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(The Accompanying Notes are an Integral Part of these Financial Statements)

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 314,103
Other Payables	36,465
Accrued Payroll	7,545
Customer Deposits Payable - Restricted	52,853
Accrued Interest Payable	4,588
Compensated Absences	4,422
Bonds Payable within One Year	125,000
Total Current Liabilities	544,976

NONCURRENT LIABILITIES

Net Pension Liability	617,947
OPEB Liability	35,545
Compensated Absences	22,112
Bonds Payable after One Year	1,196,083
Total Noncurrent Liabilities	1,871,687

Total Liabilities

2,416,663

DEFERRED INFLOWS OF RESOURCES

Deferred Inflow - Pension	76,913
TOTAL DEFERRED INFLOWS OF RESOURCES	76,913

NET POSITION

Net Investment in Capital Assets	8,137,876
Unrestricted	976,720
Total Net Position	9,114,596

TOTAL LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND NET POSITION

\$ 11,608,172

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

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

<u>OPERATING REVENUES</u>	
Charges for Services	\$ 3,523,432
Miscellaneous Revenues	<u>118,245</u>
Total Operating Revenues	<u>3,641,677</u>
<u>OPERATING EXPENSES</u>	
Costs of Sales and Services	2,968,092
Depreciation	<u>348,158</u>
Total Operating Expenses	<u>3,316,250</u>
Operating Income	<u>325,427</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Investment Earnings	23,451
Interest Expense	<u>(36,044)</u>
Total Nonoperating Revenues (Expenses)	<u>(12,593)</u>
Income before Transfers	312,834
<u>TRANSFER OUT</u>	<u>(66,246)</u>
Change in Net Position	246,588
<u>NET POSITION - BEGINNING</u>	<u>8,891,869</u>
<u>RESTATEMENT OF NET POSITION</u>	<u>(23,861)</u>
<u>NET POSITION - BEGINNING AS RESTATED</u>	<u>8,868,008</u>
TOTAL NET POSITION - ENDING	<u>\$ 9,114,596</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 3,633,833
Cash Paid to Suppliers	(2,020,861)
Cash Paid to Employees	<u>(864,158)</u>
Net Cash Provided by Operating Activities	<u>748,814</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

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

FINANCING ACTIVITIES

Purchase of Capital Assets	(271,001)
Payment of Interest on Debt	(39,100)
Payments on Debt	<u>(120,000)</u>
Net Cash Used in Financing Activities	<u>(430,101)</u>

Net Increase in Cash and Cash Equivalents	275,918
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<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>1,314,372</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,590,290</u>
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CASH AND CASH EQUIVALENTS - UNRESTRICTED	\$ 1,537,437
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CASH AND CASH EQUIVALENTS - RESTRICTED	<u>52,853</u>
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CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,590,290</u>
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RECONCILIATION OF OPERATING INCOME TO NET CASH

PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating Income	<u>\$ 325,427</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	348,158
Increase in Accounts Receivable	(8,441)
Increase in Prepays	(603)
Increase in Accounts Payable	47,836
Increase in Compensated Absences	5,685
Decrease in Accrued Payroll	(8,238)
Change in Net Pension Liability	36,032
Change in OPEB Liability	1,758
Increase in Customer Deposits Payable	<u>1,200</u>
Total Adjustments	<u>423,387</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 748,814</u>
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SCHEDULE OF NONCASH CAPITAL ACTIVITIES

Actuarially Determined Change in Net Pension Liability	\$ (103,864)
Other Post-Employment Benefit Liability	4,751

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

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. 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 capital leases are reported as other financing sources.

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

When 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.

Capital Replacement Fund: The capital replacement fund accounts for the long term planning for large purchases of vehicles and capital equipment

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary fund:

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

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

C. Cash and Cash Equivalents

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

D. Receivables and Payables

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

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

E. Other Assets

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

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

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

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

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

G. Compensated Absences

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Prepaid Items

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

I. Deferred Inflows/Outflows of Resources

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. Accordingly, the City has unamortized losses on refunded debt that are reported on the statement of net position as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, unavailable revenues, are reported only in the governmental funds balance sheet. The

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Inflows/Outflows of Resources (Continued)

Other Postemployment Benefits (Continued)

governmental funds report unavailable revenues from property taxes and municipal court warrants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. Use of Estimates

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

K. Fund Balance

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Balance (Continued)

- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

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

L. Change in Accounting Policy

During the fiscal year 2018, the City changed accounting policies related to the other postemployment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources in the statement of net position by adopting GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*” Accordingly, the effect of the accounting change is reported on the statement of net position and the statement of activities for the current year.

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

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

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS

A. Deposits and Investments

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

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

The carrying amount of the City's deposits with financial institutions was \$567,390 and the bank balance was \$719,138. The deposits were fully collateralized by securities pledged in the name of the City. The City maintains \$8,110 of cash-on-hand at September 30, 2018.

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

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

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

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. However, investments issued or explicitly guaranteed by the United States government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Presented below is the minimum rating required by (where applicable) the City's investment policy and the Act and the actual rating as of September 30, 2018 for each investment:

DESCRIPTION	INVESTMENT POLICY MINIMUM RATING	INVESTMENT RATING	RATING ORGANIZATION	CARRYING/FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
Certificate of Deposit	AAA	AAA	Standard & Poor's	\$ 237,780	0.27
TexPool	AAA	AAA	Standard & Poor's	2,307	0.09
Lone Star Liquidity Fund	AAA	AAA	Standard & Poor's	4,787,433	0.12
Logic	AAA	AAA	Standard & Poor's	4,973,169	0.11
TexStar	AAA	AAA	Standard & Poor's	<u>31,139</u>	0.08
TOTAL INVESTMENTS				<u>\$ 10,031,828</u>	
Portfolio Weighted Average Maturity					0.12

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:

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

<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.

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.

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CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

At September 30, 2018, the City had the following investments:

	<u>BALANCE</u>	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>
Investments by Fair Value Level:				
Certificate of Deposit	\$ 237,780	\$ -	\$ 237,780	\$ -
Total Investments at Fair Value:	<u>237,780</u>	<u>\$ -</u>	<u>\$ 237,780</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
TexPool	2,307			
Logic	<u>4,973,169</u>			
Total Investments Measured at Amortized Cost	<u>4,975,476</u>			
Investments measured at Net Asset Value:				
TexStar	31,139			
Lone Star Liquidity Fund	<u>4,787,433</u>			
Total Investments measured at Net Asset Value	<u>4,818,572</u>			
 Total Investments	 <u>\$ 10,031,828</u>			

B. Receivables

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

	<u>TAXES</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE TAXES</u>	<u>NET TAXES</u>	<u>WARRANTS AND OTHER</u>	<u>ALLOWANCE FOR UNCOLLECTIBLE WARRANTS</u>	<u>NET WARRANTS AND OTHER</u>
General Fund	\$ 126,588	\$ (12,659)	\$ 113,929	\$ 1,483,779	\$ (611,671)	\$ 872,108
Street Maintenance	-	-	-	92,441	-	92,441
Other Funds	<u>19,471</u>	<u>(1,947)</u>	<u>17,524</u>	-	-	-
	<u>\$ 146,059</u>	<u>\$ (14,606)</u>	<u>\$ 131,453</u>	<u>\$ 1,576,220</u>	<u>\$ (611,671)</u>	<u>\$ 964,549</u>

C. Property Tax

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

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

C. Property Tax (Continued)

The total assessed value on January 1, 2017, upon which the 2018 fiscal year levy was based, is \$1,731,176,388. Tax collections during the year ended September 30, 2018, for the 2017 tax levy, were 99.32% 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 \$0.386439 per \$100 of assessed valuation.

D. Capital Assets

Capital asset activity for the year ended September 30, 2018 was as follows:

	BALANCE AT OCTOBER 1, 2017	INCREASES	DECREASES	BALANCE AT SEPTEMBER 30, 2018
<u>Governmental Activities</u>				
Capital Assets not being Depreciated				
Land	\$ 1,479,580	\$ -	\$ -	\$ 1,479,580
Capital Assets being Depreciated				
Buildings	8,222,225	-	-	8,222,225
Infrastructure	11,372,931	76,019	-	11,448,950
Improvements Other than Buildings	237,241	10,408	-	247,649
Furniture, Fixtures, and Equipment	<u>5,739,221</u>	<u>173,891</u>	<u>(30,464)</u>	<u>5,882,648</u>
Total Capital Assets being Depreciated	<u>25,571,618</u>	<u>260,318</u>	<u>(30,464)</u>	<u>25,801,472</u>
Less Accumulated Depreciation for:				
Buildings	(720,905)	(234,263)	-	(955,168)
Infrastructure	(10,165,496)	(499,407)	-	(10,664,903)
Improvements Other than Buildings	(111,590)	(23,354)	-	(134,944)
Furniture, Fixtures, and Equipment	<u>(4,998,610)</u>	<u>(323,469)</u>	<u>30,464</u>	<u>(5,291,615)</u>
Total Accumulated Depreciation	<u>(15,996,601)</u>	<u>(1,080,493)</u>	<u>30,464</u>	<u>(17,046,630)</u>
 Total Capital Assets being Depreciated - Net	 <u>9,575,017</u>	 <u>(820,175)</u>	 <u>-</u>	 <u>8,754,842</u>
 GOVERNMENTAL ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 11,054,597</u>	 <u>\$ (820,175)</u>	 <u>\$ -</u>	 <u>\$ 10,234,422</u>
<u>Business-Type Activities</u>				
Capital Assets being Depreciated				
Utility System	\$ 14,268,091	\$ 271,001	\$ -	\$ 14,539,092
Furniture, Fixtures, and Equipment	<u>540,733</u>	<u>-</u>	<u>-</u>	<u>540,733</u>
Total Capital Assets being Depreciated	<u>14,808,824</u>	<u>271,001</u>	<u>-</u>	<u>15,079,825</u>
Less Accumulated Depreciation for:				
Utility System	(4,849,775)	(325,308)	-	(5,175,083)
Furniture, Fixtures, and Equipment	<u>(474,211)</u>	<u>(22,850)</u>	<u>-</u>	<u>(497,061)</u>
Total Accumulated Depreciation	<u>(5,323,986)</u>	<u>(348,158)</u>	<u>-</u>	<u>(5,672,144)</u>
 Total Capital Assets being Depreciated - Net	 <u>9,484,838</u>	 <u>(77,157)</u>	 <u>-</u>	 <u>9,407,681</u>
 BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS - NET	 <u>\$ 9,484,838</u>	 <u>\$ (77,157)</u>	 <u>\$ -</u>	 <u>\$ 9,407,681</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

D. Capital Assets (Continued)

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

<u>Governmental Activities</u>		
General Government	\$	310,958
Public Safety		203,237
Streets		505,657
Sanitation		33,174
Parks and Recreation		<u>27,467</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		<u>\$ 1,080,493</u>
 <u>Business-Type Activities</u>		
Utility	\$	<u>348,158</u>
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES		<u>\$ 348,158</u>

E. Interfund Transfers

TRANSFER OUT	TRANSFER IN				TOTALS
	GENERAL FUND	STREET MAINTENANCE FUND	CAPITAL REPLACEMENT FUND	OTHER GOVERNMENTAL FUNDS	
General Fund	\$ -	\$ 300,000	\$ 450,254	\$ 30,000	\$ 780,254
Utility Fund	<u>66,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,246</u>
TOTALS	<u>\$ 66,246</u>	<u>\$ 300,000</u>	<u>\$ 450,254</u>	<u>\$ 30,000</u>	<u>\$ 846,500</u>

Interfund transfers are the result of funding for Capital Replacement Fund (\$450,254), Comprehensive Plan (\$30,000) and Street Maintenance Fund (\$300,000). The Utility Fund transferred the General Fund (\$66,246).

F. Long-Term Debt

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

services related to such projects and pay costs of issuance, acquisition and construction of capital projects. In 2012, the City issued general obligation bonds for construction of administration and public safety facilities.

The City had the following changes in long-term debt outstanding for the year ended September 30, 2018:

	ORIGINAL AMOUNT	INTEREST RATES	OUTSTANDING OCTOBER 1, 2017	ISSUED	RETIRED	BALANCE SEPTEMBER 30, 2018	AMOUNTS DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>							
General Obligations, Bonds							
Series 2012	\$ 6,300,000	2-2.625%	\$ 5,430,000	\$ -	\$ (175,000)	\$ 5,255,000	\$ 175,000
General Obligations, Refunding							
Bonds Series 2016	1,605,000	2-4.00%	1,580,000	-	(515,000)	1,065,000	530,000
Bond Premiums, Net	132,417		104,760	-	(22,962)	81,798	-
Capital Leases	629,772	1.99 - 2.67%	243,371	-	(132,111)	111,260	79,376
Compensated Absences			346,383	49,867	(57,730)	338,520	56,420
Total Governmental Activities			<u>7,704,514</u>	<u>49,867</u>	<u>(902,803)</u>	<u>6,851,578</u>	<u>840,796</u>
<u>BUSINESS-TYPE ACTIVITIES</u>							
General Obligations, Refunding							
Bonds Series 2016	1,370,000	2-4.00%	1,365,000	-	(120,000)	1,245,000	125,000
Bond Premium, Net	92,990		84,536	-	(8,453)	76,083	-
Compensated Absences			20,849	9,160	(3,475)	26,534	4,422
Total Business-type Activities			<u>1,470,385</u>	<u>9,160</u>	<u>(131,928)</u>	<u>1,347,617</u>	<u>129,422</u>
TOTAL PRIMARY GOVERNMENT			<u>\$ 9,174,899</u>	<u>\$ 59,027</u>	<u>\$ (1,034,731)</u>	<u>\$ 8,199,195</u>	<u>\$ 970,218</u>

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 3: DETAILED NOTES FOR ALL FUNDS (CONTINUED)

F. Long-Term Debt (Continued)

Annual debt service requirements as of September 30, 2018, for revenue bonds are as follows:

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2019	705,000	135,394	\$ 840,394	125,000	36,700	\$ 161,700
2020	720,000	121,294	841,294	130,000	34,200	164,200
2021	355,000	106,894	461,894	130,000	31,600	161,600
2022	365,000	99,794	464,794	135,000	29,000	164,000
2023	375,000	92,494	467,494	135,000	26,300	161,300
2024-2028	2,000,000	346,456	2,346,456	590,000	60,000	650,000
2029-2032	1,800,000	114,288	1,914,288	-	-	-
TOTALS	<u>\$ 6,320,000</u>	<u>\$ 1,016,614</u>	<u>\$ 7,336,614</u>	<u>\$ 1,245,000</u>	<u>\$ 217,800</u>	<u>\$ 1,462,800</u>

Annual debt service requirements as of September 30, 2018, for capital leases are as follows:

	GOVERNMENTAL ACTIVITIES		
	PRINCIPAL	INTEREST	TOTAL
2019	\$ 84,660	\$ 2,727	\$ 87,387
2020	26,600	692	27,292
TOTALS	<u>\$ 111,260</u>	<u>\$ 3,419</u>	<u>\$ 114,679</u>

NOTE 4: OTHER INFORMATION

Risk Management

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: EMPLOYEE RETIREMENT SYSTEM

A. Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees was 6% through December 31, 2017 and increased to 7% effective January 1, 2018, and the City matching percent is currently 2 to 1.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	74
Inactive employees entitled to but not yet receiving benefits	86
Active employees	<u>93</u>
Total	<u>253</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

C. Contributions

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

Employees for the City were required to contribute 6% of their annual gross earnings through December 31, 2017 and increased to 7% effective January 1, 2018. The contribution rates for the City were 16.93% and 16.89% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$920,196.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Actuarial assumptions used in the December 31, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

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

<u>ASSET CLASS</u>	<u>TARGET ALLOCATION</u>	<u>LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

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

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, 2016	\$ 24,353,308	\$ 17,670,368	\$ 6,682,940
Changes for the year:			
Service Cost	903,080	-	903,080
Interest	1,659,113	-	1,659,113
Change of Benefit Terms	311,550	-	311,550
Difference Between Expected and Actual Experience	(185,041)	-	(185,041)
Changes of Assumptions	-	-	-
Contributions - Employer	-	953,702	(953,702)
Contributions - Employee	-	338,009	(338,009)
Net Investment Income	-	2,448,963	(2,448,963)
Benefit Payments, Including Refunds of Employee Contributions	(1,073,882)	(1,073,882)	-
Administrative Expense	-	(12,692)	12,692
Other Changes	-	(643)	643
Net Changes	<u>1,614,820</u>	<u>2,653,458</u>	<u>(1,038,638)</u>
Balance at December 31, 2017	<u>\$ 25,968,128</u>	<u>\$ 20,323,826</u>	<u>\$ 5,644,302</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
	\$ 9,481,559	\$ 5,644,302	\$ 2,530,228

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 5: EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

D. Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2018, the City recognized a pension expense of \$1,038,638.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Economic Experience	\$ 83,959	\$ 240,648
Changes in Actuarial Assumptions	32,878	-
Difference Between Projected and Actual Investment Earnings	-	526,279
Contributions Subsequent to the Measurement Date	<u>656,309</u>	<u>-</u>
Total	<u>\$ 773,146</u>	<u>\$ 766,927</u>

The City reported \$656,309 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Plan year December 31,</u>	<u>Amortization Expense</u>
2018	\$ (66,833)
2019	(41,244)
2020	(288,939)
2021	(253,074)
2022	-
Thereafter	-
Total	<u>\$ (650,090)</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

Other Postemployment Benefit

A. Plan Description

The City also participates in the defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which the City may elect, by ordinance, to provide group-term life insurance for active members, including retirees.

B. Benefits Provided

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

C. Contributions

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

The contribution rates for the City were 0.19% and 0.20% for calendar years 2017 and 2018 respectively. The City's contributions to TMRS for the year ended September 30, 2018 were \$10,733, and were equal to the required contributions.

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	60
Inactive employees entitled to but not yet receiving benefits	18
Active employees	<u>93</u>
Total	<u>171</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Net OPEB Liability

The City's total OPEB liability of \$355,450 was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation
Discount rate *	3.31%
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	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with males rates multiplied by 109% and females rates multiplied by 103% with a 3 year set-forward for both male and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Net OPEB Liability (Continued)

Changes in the Total OPEB liability:

Balance at December 31, 2016	\$ 307,936
Changes for the year:	
Service cost	12,144
Interest on the total OPEB liability	11,796
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	27,438
Benefit payments	<u>(3,864)</u>
Net changes	<u>47,514</u>
Balance at December 31, 2017	<u>\$ 355,450</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 3.31%, as well as what the City's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate (2.31%)</u>	<u>Discount Rate (3.31%)</u>	<u>1% Increase in</u> <u>Discount Rate (4.31%)</u>
City's OPEB liability	\$ 425,865	\$ 355,450	\$ 300,924

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$29,217.

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual economic experience	\$ -	\$ -
Changes in actuarial assumptions	22,161	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	<u>7,772</u>	<u>-</u>
Total	<u>\$ 29,933</u>	<u>\$ -</u>

The City reported \$7,772 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Plan Year December 31,</u>	<u>Amortization Expense</u>
2018	\$ 5,277
2019	5,277
2020	5,277
2021	5,277
2022	1,053
Thereafter	<u>-</u>
Total	<u>\$ 22,161</u>

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE 7: RESTATEMENT OF FUND BALANCE AND NET POSITION

During fiscal year 2018, the City adopted GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”. With the adoption of this standard, the City must assume their Other Postemployment Benefit Liability related to the Supplemental Death Benefit Fund held with TMRS and requires a restatement of beginning net position in the amount of \$277,142 for the governmental activities and a restatement of beginning net position in the amount of \$30,794 for the business type activities.

Also during the 2018 fiscal year, the City carried an outstanding balance regarding the TMRS liability as of September 30, 2017. The result of the correction is a restatement of beginning fund balance of \$60,264 in the general fund and a restatement of beginning net position of \$6,933 in the proprietary fund.

In addition, the City carried a receivable related to EMS services recognized in a prior year that had been satisfied by the customer and recognized upon receipt. The result of the correction is a restatement of beginning fund balance of \$52,592 in the general fund.

During the review of the capital asset listing, the City has land valued at \$355,450 and capital leased equipment with unrecorded depreciation of \$15,127 that was not included in the City’s assets as of September 30, 2017. In addition, the City had buildings disposals in prior years with a book value of \$410,476. The result of the correction is a restatement of beginning net position in the amount of \$70,153 in the governmental activities.

Below is a table that reflects the changes in the beginning net position and fund balance:

	<u>STATEMENT OF ACTIVITIES</u>		<u>GOVERNMENTAL</u>
	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS TYPE</u> <u>ACTIVITIES</u>	<u>FUND</u> <u>GENERAL</u> <u>FUND</u>
October 1, 2017 as previously reported	\$ 6,324,621	\$ 8,891,869	\$ 3,916,145
Adjustments for GASB 75	(277,142)	(30,794)	-
Adjustment for TMRS Liability	60,264	6,933	60,264
Adjustment for EMS Receivable	(52,592)	-	(52,592)
Adjustments for Capital Assets	(70,153)	-	-
Net Adjustment	<u>(339,623)</u>	<u>(23,861)</u>	<u>7,672</u>
October 1, 2017 as restated:	<u>\$ 5,984,998</u>	<u>\$ 8,868,008</u>	<u>\$ 3,923,817</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
<u>Taxes</u>				
Property	\$ 5,516,658	\$ 5,516,658	\$ 5,450,806	\$ (65,852)
Sales	1,018,000	1,018,000	1,125,130	107,130
Beverage	70,000	70,000	83,692	13,692
Franchise	740,400	740,400	720,387	(20,013)
PUC Right of Way Fees	47,300	47,300	39,487	(7,813)
Total Taxes	<u>7,392,358</u>	<u>7,392,358</u>	<u>7,419,502</u>	<u>27,144</u>
<u>Licenses and Permits</u>				
Building	290,000	290,000	351,861	61,861
Electric	30,000	30,000	47,608	17,608
Liquor and Food	17,000	17,000	20,318	3,318
Planning and Zoning	10,000	10,000	12,450	2,450
Plumbing	25,000	25,000	50,575	25,575
Signs	3,000	3,000	2,995	(5)
Permits	94,200	94,200	138,888	44,688
Certificate of Occupancy	3,000	3,000	4,415	1,415
Other	23,000	23,000	23,571	571
Total Licenses and Permits	<u>495,200</u>	<u>495,200</u>	<u>652,681</u>	<u>157,481</u>
<u>Intergovernmental</u>				
Dispatch	265,806	265,806	249,085	(16,721)
EMS	194,250	194,250	186,613	(7,637)
Total Intergovernmental	<u>460,056</u>	<u>460,056</u>	<u>435,698</u>	<u>(24,358)</u>
<u>Charges for Services</u>				
EMS	220,000	226,000	257,634	31,634
Court	270,000	270,000	235,818	(34,182)
Garbage	363,000	363,000	361,944	(1,056)
Telecom Lease	278,000	278,000	382,313	104,313
Total Charges for Services	<u>1,131,000</u>	<u>1,137,000</u>	<u>1,237,709</u>	<u>100,709</u>
<u>Fines</u>				
	<u>337,726</u>	<u>337,726</u>	<u>263,883</u>	<u>(73,843)</u>
<u>Investment Earnings</u>				
	<u>29,000</u>	<u>29,000</u>	<u>156,228</u>	<u>127,228</u>
<u>Miscellaneous</u>				
	<u>89,510</u>	<u>89,510</u>	<u>75,285</u>	<u>(14,225)</u>
Total Revenues	<u>9,934,850</u>	<u>9,940,850</u>	<u>10,240,986</u>	<u>300,136</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

EXPENDITURES	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>General Government</u>				
Public Works Administration				
Personnel	\$ 80,718	\$ 80,718	\$ 82,315	\$ (1,597)
Commodities	13,500	13,500	12,760	740
Contractual	<u>16,050</u>	<u>16,050</u>	<u>802</u>	<u>15,248</u>
Total Public Works Administration	<u>110,268</u>	<u>110,268</u>	<u>95,877</u>	<u>14,391</u>
Court				
Personnel	119,876	119,876	115,318	4,558
Commodities	4,600	4,600	3,547	1,053
Contractual	<u>68,600</u>	<u>68,600</u>	<u>81,868</u>	<u>(13,268)</u>
Total Court	<u>193,076</u>	<u>193,076</u>	<u>200,733</u>	<u>(7,657)</u>
Administration				
Personnel	644,850	644,850	622,902	21,948
Commodities	259,100	259,100	247,743	11,357
Contractual	254,425	254,425	194,105	60,320
Capital Equipment	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Administration	<u>1,208,375</u>	<u>1,208,375</u>	<u>1,064,750</u>	<u>143,625</u>
Information Systems				
Commodities	126,953	126,953	118,566	8,387
Contractual	<u>139,000</u>	<u>139,000</u>	<u>144,360</u>	<u>(5,360)</u>
Total Information Systems	<u>265,953</u>	<u>265,953</u>	<u>262,926</u>	<u>3,027</u>
Total General Government	<u>1,777,672</u>	<u>1,777,672</u>	<u>1,624,286</u>	<u>153,386</u>
<u>Public Safety</u>				
Police				
Personnel	2,131,428	2,131,428	1,992,322	139,106
Commodities	196,006	196,006	164,835	31,171
Contractual	76,804	76,804	72,112	4,692
Capital Equipment	<u>-</u>	<u>-</u>	<u>31,900</u>	<u>(31,900)</u>
Total Police	<u>2,404,238</u>	<u>2,404,238</u>	<u>2,261,169</u>	<u>143,069</u>
Police Dispatch				
Personnel	665,934	665,934	546,157	119,777
Commodities	6,524	6,524	5,436	1,088
Contractual	<u>2,200</u>	<u>2,200</u>	<u>1,681</u>	<u>519</u>
Total Police Dispatch	<u>674,658</u>	<u>674,658</u>	<u>553,274</u>	<u>121,384</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

<u>EXPENDITURES (CONTINUED)</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>Public Safety (Continued)</u>				
Fire				
Personnel	\$ 1,926,951	\$ 1,926,951	\$ 1,833,675	\$ 93,276
Commodities	72,281	72,281	63,788	8,493
Contractual	<u>31,490</u>	<u>31,490</u>	<u>29,588</u>	<u>1,902</u>
Total Fire	<u>2,030,722</u>	<u>2,030,722</u>	<u>1,927,051</u>	<u>103,671</u>
EMS				
Personnel	587,406	587,406	504,155	83,251
Commodities	62,280	62,280	48,323	13,957
Contractual	<u>23,050</u>	<u>23,050</u>	<u>15,827</u>	<u>7,223</u>
Total EMS	<u>672,736</u>	<u>672,736</u>	<u>568,305</u>	<u>104,431</u>
Total Public Safety	<u>5,782,354</u>	<u>5,782,354</u>	<u>5,309,799</u>	<u>472,555</u>
<u>Streets</u>				
Personnel	326,809	326,809	293,144	33,665
Commodities	186,000	186,000	200,111	(14,111)
Contractual	18,500	18,500	2,674	15,826
Capital Equipment	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Streets	<u>546,309</u>	<u>546,309</u>	<u>495,929</u>	<u>50,380</u>
<u>Sanitation</u>				
Personnel	568,501	568,501	511,122	57,379
Commodities	110,100	110,100	125,831	(15,731)
Contractual	<u>135,000</u>	<u>135,000</u>	<u>143,141</u>	<u>(8,141)</u>
Total Sanitation	<u>813,601</u>	<u>813,601</u>	<u>780,094</u>	<u>33,507</u>
<u>Planning and Development</u>				
Personnel	339,289	339,289	340,269	(980)
Commodities	17,000	17,000	6,193	10,807
Contractual	<u>58,500</u>	<u>58,500</u>	<u>20,068</u>	<u>38,432</u>
Total Planning and Development	<u>414,789</u>	<u>414,789</u>	<u>366,530</u>	<u>48,259</u>

(CONTINUED)

CITY OF ALAMO HEIGHTS, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>EXPENDITURES (CONTINUED)</u>				
<u>Parks and Recreation</u>				
Personnel	\$ 266,295	\$ 266,295	\$ 234,280	\$ 32,015
Commodities	39,800	39,800	31,179	8,621
Contractual	40,250	40,250	31,360	8,890
Total Parks and Recreation	<u>346,345</u>	<u>346,345</u>	<u>296,819</u>	<u>49,526</u>
Total Expenditures	<u>9,681,070</u>	<u>9,681,070</u>	<u>8,873,457</u>	<u>807,613</u>
Excess of Revenue Over Expenditures	253,780	259,780	1,367,529	1,107,749
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	66,488	66,488	66,246	(242)
Transfer Out	(230,254)	(780,254)	(780,254)	-
Total Other Financing Sources (Uses)	<u>(163,766)</u>	<u>(713,766)</u>	<u>(714,008)</u>	<u>(242)</u>
Net Change in Fund Balance	<u>\$ 90,014</u>	<u>\$ (453,986)</u>	653,521	<u>\$ 1,107,507</u>
FUND BALANCE AT OCTOBER 1, 2017			3,916,145	
RESTATEMENT OF FUND BALANCE			<u>7,672</u>	
FUND BALANCE AT OCTOBER 1, 2017 - AS RESTATED			<u>3,923,817</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 4,577,338</u>	
<u>SUMMARY OF GENERAL FUND</u>				
<u>EXPENDITURES BY COST CATEGORY</u>				
Personnel	\$ 7,658,057	\$ 7,658,057	\$ 7,075,659	\$ 582,398
Commodities	1,094,144	1,094,144	1,028,312	65,832
Contractual	863,869	863,869	737,586	126,283
Capital Equipment	<u>65,000</u>	<u>65,000</u>	<u>31,900</u>	<u>13,170</u>
TOTAL EXPENDITURES	<u>\$ 9,681,070</u>	<u>\$ 9,681,070</u>	<u>\$ 8,873,457</u>	<u>\$ 807,613</u>

CITY OF ALAMO HEIGHTS, TEXAS
STREET MAINTENANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Sales Taxes	\$ 500,000	\$ 500,000	\$ 562,566	\$ 62,566
Miscellaneous	-	-	528,741	528,741
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>1,091,307</u>	<u>591,307</u>
<u>EXPENDITURES</u>				
Capital Outlay	<u>950,000</u>	<u>950,000</u>	<u>52,288</u>	<u>897,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(450,000)	(450,000)	1,039,019	1,489,019
<u>OTHER SOURCES (USES)</u>				
Transfer In	-	<u>300,000</u>	<u>300,000</u>	-
Net Change in Fund Balance	<u>\$ (450,000)</u>	<u>\$ (150,000)</u>	1,339,019	<u>\$ 1,489,019</u>
<u>FUND BALANCE AT OCTOBER 1, 2017</u>			<u>569,536</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 1,908,555</u>	

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018

*FOR THE LAST 10 FISCAL YEARS

For the measurement year ended December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability				
Service Cost	\$ 903,080	\$ 868,087	\$ 861,551	\$ 761,031
Interest (on the Total Pension Liability)	1,659,113	1,535,466	1,497,685	1,441,488
Changes of Benefit Terms	311,550	-	-	-
Difference Between Expected and Actual Experience	(185,041)	159,597	(129,805)	(515,272)
Change of Assumptions	-	-	104,869	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(1,073,882)</u>	<u>(1,046,879)</u>	<u>(923,983)</u>	<u>(945,389)</u>
Net Change in Total Pension Liability	1,614,820	1,516,271	1,410,317	741,858
Total Pension Liability - Beginning	<u>24,353,308</u>	<u>22,837,037</u>	<u>21,426,720</u>	<u>20,684,862</u>
Total Pension Liability - Ending (a)	<u>\$ 25,968,128</u>	<u>\$ 24,353,308</u>	<u>\$ 22,837,037</u>	<u>\$ 21,426,720</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 953,702	\$ 900,335	\$ 924,993	\$ 736,438
Contributions - Employee	338,009	317,206	319,883	290,127
Net Investment Income	2,448,963	1,108,388	23,719	865,999
Benefit Payments, Including Refunds of Employee Contributions	(1,073,882)	(1,046,879)	(923,983)	(945,389)
Administrative Expense	(12,692)	(12,521)	(14,447)	(9,041)
Other	<u>(643)</u>	<u>(675)</u>	<u>(714)</u>	<u>(743)</u>
Net Change in Plan Fiduciary Net Position	2,653,458	1,265,854	329,451	937,391
Plan Fiduciary Net Position - Beginning	<u>17,670,368</u>	<u>16,404,514</u>	<u>16,075,063</u>	<u>15,137,672</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 20,323,826</u>	<u>\$ 17,670,368</u>	<u>\$ 16,404,514</u>	<u>\$ 16,075,063</u>
Net Pension Liability (a) - (b)	<u>\$ 5,644,302</u>	<u>\$ 6,682,940</u>	<u>\$ 6,432,523</u>	<u>\$ 5,351,657</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.26%	72.56%	71.83%	75.02%
Covered Payroll	\$ 5,520,051	\$ 5,286,764	\$ 5,331,379	\$ 4,835,449
Net Pension Liability as a Percentage of Total Covered Payroll	102.25%	126.41%	120.65%	110.68%

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

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS - PENSION
SEPTEMBER 30, 2018

*FOR THE LAST 10 FISCAL YEARS

For the year ended December 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contributions	\$ 920,196	\$ 945,091	\$ 905,858	\$ 850,395
Contributions in Relation to the Actuarially Determined Contributions	<u>920,196</u>	<u>945,091</u>	<u>905,858</u>	<u>850,395</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 5,444,475</u>	<u>\$ 5,575,888</u>	<u>\$ 5,290,913</u>	<u>\$ 5,023,828</u>
Contributions as a Percentage of Covered Payroll	16.90%	16.95%	17.12%	16.93%

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

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN OTHER POSTEMPLOYMENT BENEFITS LIABILITY (OPEB)
AND RELATED RATIOS
SEPTEMBER 30, 2018

*LAST 10 FISCAL YEARS

For the measurement year ended December 31,

	2017
Total OPEB Liability	
Service cost	\$ 12,144
Interest on the total OPEB liability	11,796
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	27,438
Benefit payments	(3,864)
Net change in total OPEB liability	47,514
Total OPEB liability - beginning	307,936
Total OPEB liability - ending	\$ 355,450
Covered payroll	\$ 5,520,051
Total OPEB liability as a percentage of covered payroll	6.44%

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

CITY OF ALAMO HEIGHTS, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SEPTEMBER 30, 2018

*LAST 10 FISCAL YEARS

For the year ended December 31,

		<u>2018</u>
Actuarially determined contributions	\$	10,733
Contributions in relation to the actuarially determined contributions		<u>10,733</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
Covered payroll	\$	<u><u>5,444,475</u></u>
Contributions as a percentage of covered payroll		0.20%

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

CITY OF ALAMO HEIGHTS, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018

NOTE 1: BUDGETARY INFORMATION

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

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

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	10 Year Smoothed Market, 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.5% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	<u>SPECIAL REVENUE</u>				
	<u>CONFISCATED</u>	<u>COURT</u>	<u>COMMUNITY</u>	<u>LEOSE</u>	<u>COURT</u>
	<u>PROPERTY</u>	<u>SECURITY</u>	<u>BENEFIT</u>	<u>EMPLOYEE</u>	<u>TECHNOLOGY</u>
				<u>CENTER</u>	
				<u>EDUCATION</u>	
<u>ASSETS</u>					
Cash	\$ 26,071	\$ 114,808	\$ 25,237	\$ 31,717	\$ 11,868
Receivables - Net of Allowances for Uncollectibles	-	-	-	-	-
 TOTAL ASSETS	<u>\$ 26,071</u>	<u>\$ 114,808</u>	<u>\$ 25,237</u>	<u>\$ 31,717</u>	<u>\$ 11,868</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 50	\$ -
Accrued Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	<u>50</u>	-
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unearned Revenue - Taxes	-	-	-	-	-
<u>FUND BALANCES</u>					
Restricted for:					
Confiscated Property	26,071	-	-	-	-
Court Security	-	114,808	-	-	-
Community Programs	-	-	25,237	-	-
Police Training	-	-	-	31,667	-
Court Technology	-	-	-	-	11,868
Debt Service	-	-	-	-	-
Animal Services	-	-	-	-	-
Committed for:					
Comprehensive Plans	-	-	-	-	-
Assigned					
Capital Projects	-	-	-	-	-
Total Fund Balances	<u>26,071</u>	<u>114,808</u>	<u>25,237</u>	<u>31,667</u>	<u>11,868</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 26,071</u>	<u>\$ 114,808</u>	<u>\$ 25,237</u>	<u>\$ 31,717</u>	<u>\$ 11,868</u>

<u>F U N D S</u>				
<u>COMPREHENSIVE PLAN</u>	<u>PRIVATE CONTRIBUTIONS</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
\$ 80,077	\$ 9,336	\$ 116,449	\$ 866,083	\$ 1,281,646
<u>-</u>	<u>-</u>	<u>17,524</u>	<u>-</u>	<u>17,524</u>
<u>\$ 80,077</u>	<u>\$ 9,336</u>	<u>\$ 133,973</u>	<u>\$ 866,083</u>	<u>\$ 1,299,170</u>
\$ -	\$ -	\$ -	\$ -	\$ 50
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>
<u>-</u>	<u>-</u>	<u>16,449</u>	<u>-</u>	<u>16,449</u>
-	-	-	-	26,071
-	-	-	-	114,808
-	-	-	-	25,237
-	-	-	-	31,667
-	-	-	-	11,868
-	-	117,524	-	117,524
-	9,336	-	-	9,336
80,077	-	-	-	80,077
<u>-</u>	<u>-</u>	<u>-</u>	<u>866,083</u>	<u>866,083</u>
<u>80,077</u>	<u>9,336</u>	<u>117,524</u>	<u>866,083</u>	<u>1,282,671</u>
<u>\$ 80,077</u>	<u>\$ 9,336</u>	<u>\$ 133,973</u>	<u>\$ 866,083</u>	<u>\$ 1,299,170</u>

CITY OF ALAMO HEIGHTS, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	SPECIAL REVENUE				
	CONFISCATED PROPERTY	COURT SECURITY	COMMUNITY BENEFIT	LEOSE EMPLOYEE CENTER EDUCATION	COURT TECHNOLOGY
<u>REVENUES</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,370	12,749	2,367	11,160
Property Forfeitures	15,770	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>15,770</u>	<u>8,370</u>	<u>12,749</u>	<u>2,367</u>	<u>11,160</u>
<u>EXPENDITURES</u>					
Current					
General Government	-	-	-	3,184	-
Public Safety	387	-	28,822	-	-
Planning and Development	-	-	-	-	-
Capital Outlay	-	-	23,731	-	15,000
Debt Service					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>387</u>	<u>-</u>	<u>52,553</u>	<u>3,184</u>	<u>15,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,383	8,370	(39,804)	(817)	(3,840)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfer In	-	-	-	-	-
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	15,383	8,370	(39,804)	(817)	(3,840)
<u>FUND BALANCES AT BEGINNING OF YEAR</u>	<u>10,688</u>	<u>106,438</u>	<u>65,041</u>	<u>32,484</u>	<u>15,708</u>
FUND BALANCES AT END OF YEAR	<u>\$ 26,071</u>	<u>\$ 114,808</u>	<u>\$ 25,237</u>	<u>\$ 31,667</u>	<u>\$ 11,868</u>

<u>F U N D S</u>				
<u>COMPREHENSIVE PLAN</u>	<u>PRIVATE CONTRIBUTIONS</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
\$ -	\$ -	\$ 852,166	\$ -	\$ 852,166
100	-	-	10,000	44,746
-	-	-	-	15,770
-	14,515	-	-	14,515
<u>100</u>	<u>14,515</u>	<u>852,166</u>	<u>10,000</u>	<u>927,197</u>
-	9,866	-	41,586	54,636
-	-	-	-	29,209
22,136	-	-	-	22,136
-	-	-	10,408	49,139
-	-	690,000	-	690,000
-	-	149,994	-	149,994
<u>22,136</u>	<u>9,866</u>	<u>839,994</u>	<u>51,994</u>	<u>995,114</u>
(22,036)	4,649	12,172	(41,994)	(67,917)
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
7,964	4,649	12,172	(41,994)	(37,917)
<u>72,113</u>	<u>4,687</u>	<u>105,352</u>	<u>908,077</u>	<u>1,320,588</u>
<u>\$ 80,077</u>	<u>\$ 9,336</u>	<u>\$ 117,524</u>	<u>\$ 866,083</u>	<u>\$ 1,282,671</u>

CITY OF ALAMO HEIGHTS, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Intergovernmental Revenues	\$ -	\$ -	\$ 10,000	\$ 10,000
<u>EXPENDITURES</u>				
General Government	50,000	50,000	41,586	8,414
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>10,408</u>	<u>39,592</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>51,994</u>	<u>48,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>(41,994)</u>	<u>(38,006)</u>
Net Change in Fund Balance	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>(41,994)</u>	<u>\$ (38,006)</u>
<u>FUND BALANCE AT OCTOBER 1, 2017</u>			<u>908,077</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 866,083</u>	

CITY OF ALAMO HEIGHTS, TEXAS
COMPREHENSIVE PLAN FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Intergovernmental	\$ 11,000	\$ 11,000	\$ 100	\$ (10,900)
<u>EXPENDITURES</u>				
Planning and Development	<u>50,000</u>	<u>50,000</u>	<u>22,136</u>	<u>27,864</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>22,136</u>	<u>27,864</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,000)	(39,000)	(22,036)	(38,764)
<u>OTHER SOURCES (USES)</u>				
Transfer In	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (9,000)</u>	<u>\$ (9,000)</u>	7,964	<u>\$ 16,964</u>
<u>FUND BALANCE AT OCTOBER 1, 2017</u>			<u>72,113</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 80,077</u>	

CITY OF ALAMO HEIGHTS, TEXAS
CAPITAL REPLACEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Intergovernmental	\$ -	\$ -	\$ 19,633	\$ 19,633
<u>EXPENDITURES</u>				
General Government	-	-	20,314	(20,314)
Capital Outlay	203,926	203,926	126,991	76,935
Debt Service				
Principal Payment	-	-	77,711	(77,711)
Interest Expense	-	-	4,589	(4,589)
Total Expenditures	<u>203,926</u>	<u>203,926</u>	<u>229,605</u>	<u>(25,679)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,926)	(203,926)	(209,972)	45,312
<u>OTHER SOURCES (USES)</u>				
Transfer In	<u>200,254</u>	<u>450,254</u>	<u>450,254</u>	-
Total Other Sources (Uses)	<u>200,254</u>	<u>450,254</u>	<u>450,254</u>	-
Net Change in Fund Balance	<u>\$ (3,672)</u>	<u>\$ 246,328</u>	240,282	<u>\$ (6,046)</u>
<u>FUND BALANCE AT OCTOBER 1, 2017</u>			<u>872,058</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 1,112,340</u>	

CITY OF ALAMO HEIGHTS, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUE</u>				
Property Taxes	\$ 879,334	\$ 879,334	\$ 852,166	\$ (27,168)
<u>EXPENDITURES</u>				
Principal Payment	690,000	690,000	690,000	-
Interest and Fiscal Charges	149,194	149,194	149,994	(800)
Total Expenditures	<u>839,194</u>	<u>839,194</u>	<u>839,994</u>	<u>(800)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 40,140</u>	<u>\$ 40,140</u>	12,172	<u>\$ (26,368)</u>
<u>FUND BALANCE AT OCTOBER 1, 2017</u>			<u>105,352</u>	
FUND BALANCE AT SEPTEMBER 30, 2018			<u>\$ 117,524</u>	

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STATISTICAL SECTION

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

<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 comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2005; tables presenting government-wide information include information beginning that year.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
<u>GOVERNMENTAL ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 3,795,534	\$ 3,840,789	\$ 3,346,580	\$ 3,385,358
Restricted	1,375,530	340,397	369,349	331,787
Unrestricted	<u>2,593,935</u>	<u>2,143,435</u>	<u>1,728,809</u>	<u>881,015</u>
 TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	 <u>\$ 7,764,999</u>	 <u>\$ 6,324,621</u>	 <u>\$ 5,444,738</u>	 <u>\$ 4,598,160</u>
 <u>BUSINESS-TYPE ACTIVITIES</u>				
Net Investment in Capital Assets	\$ 8,137,876	\$ 8,092,277	\$ 8,072,064	\$ 8,292,081
Unrestricted	<u>976,720</u>	<u>799,592</u>	<u>748,423</u>	<u>414,360</u>
 TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	 <u>\$ 9,114,596</u>	 <u>\$ 8,891,869</u>	 <u>\$ 8,820,487</u>	 <u>\$ 8,706,441</u>
 <u>PRIMARY GOVERNMENT</u>				
Net Investment in Capital Assets	\$ 11,933,410	\$ 11,933,066	\$ 11,418,644	\$ 11,677,439
Restricted	1,375,530	340,397	369,349	331,787
Unrestricted	<u>3,570,655</u>	<u>2,943,027</u>	<u>2,477,232</u>	<u>1,295,375</u>
 TOTAL PRIMARY GOVERNMENT NET POSITION	 <u>\$ 16,879,595</u>	 <u>\$ 15,216,490</u>	 <u>\$ 14,265,225</u>	 <u>\$ 13,304,601</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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 2,011,074	\$ 1,638,290	\$ 1,638,290	\$ 2,407,064	\$ 3,481,430	\$ 3,604,383
780,392	933,600	933,600	1,178,883	931,360	420,904
<u>6,137,390</u>	<u>5,804,824</u>	<u>5,804,824</u>	<u>4,164,359</u>	<u>3,227,995</u>	<u>3,827,936</u>
<u>\$ 8,928,856</u>	<u>\$ 8,376,714</u>	<u>\$ 8,376,714</u>	<u>\$ 7,750,306</u>	<u>\$ 7,640,785</u>	<u>\$ 7,853,223</u>
\$ 7,480,502	\$ 6,486,583	\$ 6,486,583	\$ 6,681,531	\$ 4,994,611	\$ 1,908,911
<u>1,897,524</u>	<u>2,060,818</u>	<u>2,060,818</u>	<u>1,500,778</u>	<u>2,125,210</u>	<u>4,701,799</u>
<u>\$ 9,378,026</u>	<u>\$ 8,547,401</u>	<u>\$ 8,547,401</u>	<u>\$ 8,182,309</u>	<u>\$ 7,119,821</u>	<u>\$ 6,610,710</u>
\$ 9,491,576	\$ 8,124,873	\$ 8,124,873	\$ 9,088,595	\$ 8,476,041	\$ 5,513,294
780,392	933,600	933,600	1,178,883	931,360	420,904
<u>8,034,914</u>	<u>7,865,642</u>	<u>7,865,642</u>	<u>5,665,137</u>	<u>5,353,205</u>	<u>8,529,735</u>
<u>\$ 18,306,882</u>	<u>\$ 16,924,115</u>	<u>\$ 16,924,115</u>	<u>\$ 15,932,615</u>	<u>\$ 14,760,606</u>	<u>\$ 14,463,933</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>EXPENSES</u>				
<u>Governmental Activities</u>				
General Government	\$ 1,961,412	\$ 1,895,152	\$ 1,837,698	\$ 1,812,948
Public Safety	5,742,935	5,647,734	5,538,340	5,194,754
Streets	1,013,595	1,218,412	1,155,238	1,506,114
Sanitation	831,282	823,454	723,504	717,951
Planning and Development	400,675	387,742	366,567	308,311
Parks and Recreation	333,293	334,285	295,882	272,363
Interest on Debt	<u>127,671</u>	<u>158,604</u>	<u>234,167</u>	<u>243,462</u>
Total Governmental Activities	<u>10,410,863</u>	<u>10,465,383</u>	<u>10,151,396</u>	<u>10,055,903</u>
<u>Business-Type Activities</u>				
Utility	<u>3,352,294</u>	<u>3,236,496</u>	<u>3,063,239</u>	<u>3,154,421</u>
Total Business-Type Activities	<u>3,352,294</u>	<u>3,236,496</u>	<u>3,063,239</u>	<u>3,154,421</u>
Total Primary Government Expenses	<u>13,763,157</u>	<u>13,701,879</u>	<u>13,214,635</u>	<u>13,210,324</u>
<u>PROGRAM REVENUES</u>				
<u>Governmental Activities</u>				
Charges for Service				
General Government	1,430,445	1,624,767	1,777,644	1,467,061
Public Safety	709,102	655,989	685,288	685,288
Streets	-	-	-	-
Sanitation	361,944	362,903	364,221	360,087
Planning and Development	-	-	-	-
Parks and Recreation	-	-	-	-
Capital Grants and Contributions				
General Government	553,374	40,000	-	-
Operating Grants and Contributions				
General Government	<u>49,261</u>	<u>86,395</u>	<u>68,757</u>	<u>328,437</u>
Total Governmental Activities Program Revenues	<u>3,104,126</u>	<u>2,770,054</u>	<u>2,895,910</u>	<u>2,840,873</u>
<u>Business-Type Activities</u>				
Charges for Service				
Utility	<u>3,523,432</u>	<u>3,378,349</u>	<u>3,223,824</u>	<u>3,084,542</u>
Total Business-Type Activities Program Revenues	<u>3,523,432</u>	<u>3,378,349</u>	<u>3,223,824</u>	<u>3,084,542</u>
Total Primary Government Program Revenues	<u>6,627,558</u>	<u>6,148,403</u>	<u>6,119,734</u>	<u>5,925,415</u>

TABLE 2

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,549,460	\$ 1,480,953	\$ 1,600,557	\$ 1,583,220	\$ 1,661,420	\$ 1,569,197
5,344,641	4,886,648	4,944,862	4,948,153	4,815,094	4,775,274
1,267,014	1,548,142	1,420,341	1,391,017	894,256	750,487
704,509	676,655	645,802	706,945	699,345	726,426
282,541	297,919	301,920	291,935	374,318	441,920
248,282	247,616	277,653	266,450	267,245	237,581
<u>263,262</u>	<u>321,589</u>	<u>245,713</u>	<u>177,687</u>	<u>188,369</u>	<u>198,440</u>
<u>9,659,709</u>	<u>9,459,522</u>	<u>9,436,848</u>	<u>9,365,407</u>	<u>8,900,047</u>	<u>8,699,325</u>
<u>2,977,031</u>	<u>2,782,642</u>	<u>2,846,898</u>	<u>2,470,981</u>	<u>2,452,045</u>	<u>2,221,235</u>
<u>2,977,031</u>	<u>2,782,642</u>	<u>2,846,898</u>	<u>2,470,981</u>	<u>2,452,045</u>	<u>2,221,235</u>
<u>12,636,740</u>	<u>12,242,164</u>	<u>12,283,746</u>	<u>11,836,388</u>	<u>11,352,092</u>	<u>10,920,560</u>
905,045	1,524,322	1,500,258	1,494,897	1,057,331	976,032
672,670	614,482	667,720	743,118	698,218	654,591
-	216,597	209,469	197,883	182,442	781,465
390,448	358,913	337,969	341,803	336,467	365,852
609,163	-	-	-	-	-
-	45,380	36,040	31,043	20,000	-
415,005	-	-	-	-	-
<u>48,733</u>	<u>-</u>	<u>1,050,935</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,041,064</u>	<u>2,759,694</u>	<u>3,802,391</u>	<u>2,808,744</u>	<u>2,294,458</u>	<u>2,777,940</u>
<u>3,203,337</u>	<u>3,507,512</u>	<u>3,269,362</u>	<u>3,579,509</u>	<u>3,059,417</u>	<u>3,647,643</u>
<u>3,203,337</u>	<u>3,507,512</u>	<u>3,269,362</u>	<u>3,579,509</u>	<u>3,059,417</u>	<u>3,647,643</u>
<u>6,244,401</u>	<u>6,267,206</u>	<u>7,071,753</u>	<u>6,388,253</u>	<u>5,353,875</u>	<u>6,425,583</u>

(CONTINUED)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Net (Expense) Revenues</u>				
Governmental Activities	\$ (7,306,737)	\$ (7,695,329)	\$ (7,263,846)	\$ (7,215,630)
Business-Type Activities	<u>171,138</u>	<u>141,853</u>	<u>160,585</u>	<u>(69,879)</u>
Total Primary Government Net Expenses	<u>(7,135,599)</u>	<u>(7,553,476)</u>	<u>(7,103,261)</u>	<u>(7,285,509)</u>
<u>GOVERNMENTAL REVENUES AND OTHER</u> <u>CHANGES IN NET POSITION</u>				
<u>Governmental Activities</u>				
Taxes				
Property Taxes	6,292,204	6,177,119	5,870,136	5,455,046
Sales Taxes	1,687,696	1,274,518	1,262,914	946,872
Other Taxes	804,079	796,226	790,662	806,607
Unrestricted Investment Earnings	156,228	57,456	26,569	24,742
Miscellaneous	73,777	94,553	93,897	82,606
Proceeds from Sale of Assets	6,508	-	-	-
Special Item	-	-	-	(56,776)
Transfers	<u>66,246</u>	<u>70,471</u>	<u>66,246</u>	<u>66,246</u>
Total Governmental Activities	<u>9,086,738</u>	<u>8,470,343</u>	<u>8,110,424</u>	<u>7,325,343</u>
<u>Business-Type Activities</u>				
Interest and Investment Earnings	23,451	-	-	-
Miscellaneous	118,245	-	19,707	13,354
Transfers	<u>(66,246)</u>	<u>(70,471)</u>	<u>(66,246)</u>	<u>(66,246)</u>
Total Business-Type Activities	<u>75,450</u>	<u>(70,471)</u>	<u>(46,539)</u>	<u>(52,892)</u>
<u>CHANGES IN NET POSITION</u>				
Governmental Activities	1,780,001	775,014	846,578	109,713
Business-Type Activities	<u>246,588</u>	<u>71,382</u>	<u>114,046</u>	<u>(122,771)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,026,589</u>	<u>\$ 846,396</u>	<u>\$ 960,624</u>	<u>\$ (13,058)</u>

TABLE 2

2014	2013	2012	2011	2010	2009
\$ (6,618,645)	\$ (6,699,828)	\$ (5,634,457)	\$ (6,556,663)	\$ (6,605,589)	\$ (5,921,385)
<u>226,306</u>	<u>724,870</u>	<u>422,464</u>	<u>1,108,528</u>	<u>607,372</u>	<u>1,426,408</u>
<u>(6,392,339)</u>	<u>(5,974,958)</u>	<u>(5,211,993)</u>	<u>(5,448,135)</u>	<u>(5,998,217)</u>	<u>(4,494,977)</u>
5,259,723	5,174,711	4,646,692	4,668,446	4,828,522	4,801,196
940,436	864,538	835,133	772,815	728,966	747,931
733,572	620,797	621,035	642,184	561,931	588,522
26,225	30,244	23,530	16,612	19,415	69,751
113,682	84,222	77,093	36,060	30,124	12,416
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,662</u>	<u>56,518</u>	<u>57,382</u>	<u>51,992</u>	<u>112,847</u>	<u>78,811</u>
<u>7,133,300</u>	<u>6,831,030</u>	<u>6,260,865</u>	<u>6,188,109</u>	<u>6,281,805</u>	<u>6,298,627</u>
-	-	-	5,952	14,586	44,026
1,751	4,306	10	-	-	-
<u>(59,662)</u>	<u>(56,518)</u>	<u>(57,382)</u>	<u>(51,992)</u>	<u>(112,847)</u>	<u>(78,811)</u>
<u>(57,911)</u>	<u>(52,212)</u>	<u>(57,372)</u>	<u>(51,992)</u>	<u>(98,261)</u>	<u>(34,785)</u>
514,655	131,202	626,408	(368,554)	(323,784)	377,242
<u>168,395</u>	<u>672,658</u>	<u>365,092</u>	<u>1,062,488</u>	<u>509,111</u>	<u>1,391,623</u>
<u>\$ 683,050</u>	<u>\$ 803,860</u>	<u>\$ 991,500</u>	<u>\$ 693,934</u>	<u>\$ 185,327</u>	<u>\$ 1,768,865</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>GENERAL FUND</u>				
Non-Spendable - Prepaids	\$ 89,599	\$ 85,601	\$ 86,642	\$ 78,982
Unassigned	4,487,739	3,830,544	3,545,922	3,257,254
Reserved	-	-	-	-
Unreserved	-	-	-	-
TOTAL GENERAL FUND	<u>\$ 4,577,338</u>	<u>\$ 3,916,145</u>	<u>\$ 3,632,564</u>	<u>\$ 3,336,236</u>
<u>ALL OTHER GOVERNMENTAL FUNDS</u>				
Restricted for:				
Confiscated Property	\$ 26,071	\$ 10,688	\$ 11,977	\$ 12,654
Court Security	114,808	106,438	97,208	86,406
Community Programs	25,237	65,041	96,233	110,074
Police Training	31,667	32,483	31,403	30,777
Court Technology	11,868	15,709	27,806	18,592
Comprehensive Plan	-	-	9,743	9,393
Street Maintenance	1,039,019	-	9,868	-
TNR Foster	9,336	4,687	12,034	8,035
Debt Service	117,524	105,351	73,077	55,856
Capital Projects	-	-	-	-
Committed for:				
Capital Replacement	1,112,340	872,058	659,640	527,378
Street Maintenance	869,536	569,536	396,763	26,763
Comprehensive Plans	80,077	72,114	20,000	20,000
Private Contributions	-	-	-	-
Assigned				
Capital Projects	866,083	908,077	961,694	955,423
Unassigned	-	-	-	-
Reserved	-	-	-	-
Unreserved, Reported In:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 4,303,566</u>	<u>\$ 2,762,182</u>	<u>\$ 2,407,446</u>	<u>\$ 1,861,351</u>

NOTE

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

TABLE 3

2014	2013	2012	2011*	2010	2009
\$ 87,663	\$ 86,209	\$ 75,920	\$ 75,920	\$ -	\$ -
3,341,248	3,142,289	3,045,170	3,108,664	-	-
-	-	-	-	122,704	383,914
-	-	-	-	<u>3,136,698</u>	<u>3,508,638</u>
<u>\$ 3,428,911</u>	<u>\$ 3,228,498</u>	<u>\$ 3,121,090</u>	<u>\$ 3,184,584</u>	<u>\$ 3,259,402</u>	<u>\$ 3,892,552</u>
\$ 31,083	\$ 27,177	\$ 29,077	\$ 21,341	\$ -	\$ -
121,374	112,123	101,870	91,490	-	-
101,110	100,452	91,169	89,893	-	-
32,739	30,738	30,738	32,863	-	-
19,732	34,541	21,080	19,887	-	-
17,136	23,539	31,080	31,618	-	-
284,795	91,605	522,216	130,272	-	-
5,834	7,917	89	5,183	-	-
166,589	186,690	106,281	91,053	-	-
613,859	6,315,190	6,787,194	665,283	-	-
440,692	595,448	532,004	360,407	-	-
765,000	565,000	265,000	265,000	-	-
20,000	20,000	72,114	20,000	-	-
-	-	-	1,669	-	-
1,050,936	1,050,936	262,734	-	-	-
3,426	2,042	(71)	-	-	-
-	-	-	-	967,482	462,734
-	-	-	-	172,291	157,678
-	-	-	-	<u>2,373,135</u>	<u>3,279,979</u>
<u>\$ 3,674,305</u>	<u>\$ 9,163,398</u>	<u>\$ 8,852,575</u>	<u>\$ 1,825,959</u>	<u>\$ 3,512,908</u>	<u>\$ 3,900,391</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>REVENUES</u>				
Taxes	\$ 8,834,234	\$ 8,264,472	\$ 7,962,696	\$ 7,326,071
Licenses and Permits	652,681	640,550	557,398	538,131
Intergovernmental	500,077	554,490	501,461	740,041
CIED Revenue	-	-	-	-
Charges for Services	1,237,709	1,223,119	1,400,679	1,184,844
Fines	279,653	284,287	300,570	270,080
Property Forfeitures	-	-	-	-
Investment Earnings	156,228	57,456	26,569	24,742
Miscellaneous	618,541	103,519	106,847	89,804
Total Revenues	<u>12,279,123</u>	<u>11,127,893</u>	<u>10,856,220</u>	<u>10,173,713</u>
<u>EXPENDITURES</u>				
General Government	1,699,236	1,714,263	1,615,661	1,604,852
Public Safety	5,307,108	5,283,630	5,222,337	5,005,896
Streets	495,929	487,630	527,469	475,997
Sanitation	780,094	786,960	677,438	690,782
Planning and Development	388,666	379,662	360,546	310,386
Parks and Recreation	296,819	302,840	280,127	263,406
Capital Outlay	260,318	870,337	527,414	2,864,168
Debt Service				
Principal	767,711	742,690	645,000	625,000
Interest and Fiscal Charges	154,583	174,367	191,655	248,325
Bond Issuance Cost	-	-	38,625	-
Total Expenditures	<u>10,150,464</u>	<u>10,742,379</u>	<u>10,086,272</u>	<u>12,088,812</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,128,659</u>	<u>385,514</u>	<u>769,948</u>	<u>(1,915,099)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	(780,254)	(830,000)	(823,082)	(797,191)
Transfers Out	846,500	900,471	889,328	863,437
Capital Lease Obligation	-	77,463	-	-
Bond Proceeds	-	-	1,605,000	-
Bond Premiums Issued	-	-	108,941	-
Proceeds from Insurance Settlement	-	-	-	(56,776)
Payment of Escrow Agent	-	-	(1,707,712)	-
Total Other Financing Sources (Uses)	<u>66,246</u>	<u>147,934</u>	<u>72,475</u>	<u>9,470</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,194,905</u>	<u>\$ 533,448</u>	<u>\$ 842,423</u>	<u>\$ (1,905,629)</u>
Debt Service as a Percentage of Noncapital Expenditures	9.33%	9.29%	8.75%	9.47%

TABLE 4

2014	2013	2012	2011	2010	2009
\$ 6,875,122	\$ 6,658,836	\$ 6,103,019	\$ 6,088,227	\$ 6,206,928	\$ 6,116,024
609,163	681,468	662,687	512,904	498,825	441,461
900,143	640,877	656,151	690,788	658,207	1,205,965
-	788,202	262,734	-	-	-
1,186,961	1,188,092	1,179,384	1,175,542	874,228	871,054
229,579	257,425	270,141	293,518	230,560	233,010
-	-	-	-	-	773
26,225	30,244	23,530	16,612	19,415	69,751
89,286	84,222	77,093	74,518	62,762	38,093
<u>9,916,479</u>	<u>10,329,366</u>	<u>9,234,739</u>	<u>8,852,109</u>	<u>8,550,925</u>	<u>8,976,131</u>
1,502,037	1,401,356	1,492,486	1,526,938	1,580,794	1,490,087
4,844,906	4,577,375	4,656,160	4,594,071	4,441,142	4,337,680
381,888	359,306	406,039	348,415	316,185	316,634
653,466	653,829	622,976	669,803	653,442	695,262
282,541	299,420	304,561	291,935	374,318	441,920
237,043	238,372	268,689	248,308	245,576	215,912
6,911,167	1,533,213	384,076	2,506,894	1,616,058	2,532,652
600,000	505,000	335,000	300,000	270,000	240,000
268,014	347,668	164,272	176,358	186,890	196,812
-	-	73,476	-	-	-
<u>15,681,062</u>	<u>9,915,539</u>	<u>8,707,735</u>	<u>10,662,722</u>	<u>9,684,405</u>	<u>10,466,959</u>
<u>(5,764,583)</u>	<u>413,827</u>	<u>527,004</u>	<u>(1,810,613)</u>	<u>(1,133,480)</u>	<u>(1,490,828)</u>
(536,008)	(706,007)	(548,653)	(604,628)	711,132	78,811
595,670	762,525	606,035	656,620	(598,285)	-
360,000	-	-	-	-	-
-	-	6,323,476	-	-	-
56,241	-	-	-	-	-
-	-	-	-	-	-
<u>475,903</u>	<u>56,518</u>	<u>6,380,858</u>	<u>51,992</u>	<u>112,847</u>	<u>78,811</u>
<u>\$ (5,288,680)</u>	<u>\$ 470,345</u>	<u>\$ 6,907,862</u>	<u>\$ (1,758,621)</u>	<u>\$ (1,020,633)</u>	<u>\$ (1,412,017)</u>
9.90%	10.17%	6.00%	5.84%	5.66%	5.51%

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

TABLE 5

	<u>TAXABLE ASSESSED VALUE PERSONAL PROPERTY</u>	<u>TAXABLE ASSESSED VALUE REAL PROPERTY</u>	<u>TOTAL TAXABLE ASSESSED VALUE</u>	<u>TOTAL DIRECT TAX RATE</u>
Year Ended September 30, 2018	\$ 38,867,712	\$ 1,692,308,676	\$ 1,731,176,388	0.386439
Year Ended September 30, 2017	38,406,710	1,638,595,415	1,677,002,125	0.389900
Year Ended September 30, 2016	36,295,321	1,551,854,285	1,588,149,606	0.390262
Year Ended September 30, 2015	34,135,262	1,421,781,934	1,455,917,196	0.390262
Year Ended September 30, 2014	33,326,092	1,395,181,683	1,428,507,775	0.390262
Year Ended September 30, 2013	30,592,813	1,369,899,848	1,400,492,661	0.390262
Year Ended September 30, 2012	29,760,154	1,322,404,572	1,352,164,726	0.355662
Year Ended September 30, 2011	27,831,103	1,321,653,792	1,349,484,895	0.355662
Year Ended September 30, 2010	29,600,691	1,383,570,807	1,413,171,498	0.355662
Year Ended September 30, 2009	30,698,211	1,400,696,306	1,431,394,517	0.355662

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
2018	0.336439 %	0.050000 %	0.386439 %	1.2550 %	0.27743 %	0.14915 %	0.276235 %	0.04225 %	2.38650 %
2017	0.332900	0.057000	0.389900	1.1950	0.29325	0.14915	0.276235	0.03299	2.33653
2016	0.330762	0.059500	0.390262	1.1950	0.29750	0.14915	0.276235	0.03429	2.34244
2015	0.336486	0.053776	0.390262	1.1950	0.29750	0.14915	0.276235	0.04820	2.35635
2014	0.325762	0.064500	0.390262	1.2050	0.28380	0.14915	0.276235	0.04820	2.35265
2013	0.319454	0.070808	0.390262	1.2180	0.29620	0.14915	0.276235	0.04805	2.37790
2012	0.316157	0.039505	0.355662	1.2180	0.29620	0.14915	0.276235	0.04805	2.34330
2011	0.325127	0.030535	0.355662	1.1980	0.29620	0.14160	0.276200	0.04800	2.31566
2010	0.325127	0.030535	0.355662	1.1680	0.29620	0.14160	0.276200	0.04730	2.28496
2009	0.315591	0.040071	0.355662	1.1620	0.29620	0.13590	0.266200	0.04660	2.26256

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	2018			2009		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL CITY TAXABLE ASSESSED VALUE
HEB GROCERY COMPANY LP	\$ 17,714,790	1	0.98%	\$ 12,160,500	1	0.85%
GLENN H HUDDLESTON	8,219,840	2	0.46%	4,459,100.00	7	0.31%
ALAMO HEIGHTS TREEHOUSE LTD	7,900,000	3	0.44%	6,000,000	4	0.42%
CHRISTOPHER GOLDSBURY JR	6,609,200	4	0.37%	7,737,840	3	0.54%
STEWART CENTER INC	6,449,370	5	0.36%	-		n/a
GEORGE A GEIS	5,791,730	6	0.32%	5,055,606	5	0.35%
SOUTHWESTERN BELL TELEPHONE	5,729,311	7	0.32%	9,952,480	2	0.70%
BARNES WILLIAM MICHAEL &	5,190,230	8	0.29%	4,737,127	6	0.33%
BEXAR DIVERSIFIED INC MF-1 LLC	4,822,252	9	0.27%	-		n/a
ATWELL PROPERTIES LTD	4,443,290	10	0.25%	-		n/a
LUCKY DOG DEVELOPMENT	-		-	3,662,300	9	0.26%
SOUTHWEST FND FOR RESEARCH	-		-	3,730,230	8	0.26%
JEDDERY A. and ANNE Z. ROCHELLE	-		-	3,500,000	10	0.24%
TOTAL	<u>\$ 72,870,013</u>		<u>4.05%</u>	<u>\$ 60,995,183</u>		<u>4.26%</u>

NOTE

Source: Bexar County Appraisal District

CITY OF ALAMO HEIGHTS, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL PERIODS
(IN THOUSANDS)

TABLE 8

	TAXES LEVIED FOR THE FISCAL PERIOD	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE	
		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY
2018	\$ 6,291	\$ 6,248	99.32%	\$ -	6,248	99.32%
2017	6,160	6,115	99.27%	27	6,142	99.27
2016	5,875	5,819	99.05	41	5,860	99.29
2015	5,449	5,415	99.38	18	5,433	99.63
2014	5,208	5,123	98.37	75	5,198	99.79
2013	5,122	5,089	99.36	24	5,113	99.80
2012	4,619	4,582	99.18	29	4,611	99.81
2011	4,619	4,584	99.24	29	4,613	99.85
2010	4,763	4,718	99.06	40	4,758	99.87
2009	4,753	4,689	98.65	59	4,748	99.87

NOTE

Source: Bexar Appraisal District

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

TABLE 9

FISCAL PERIOD	GOVERNMENTAL ACTIVITIES ^a			BUSINESS-TYPE ACTIVITIES ^a			TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME ^d	PER CAPITA ^d
	COMBINATION TAX AND REVENUE BONDS CO's ^b	GENERAL OBLIGATION BONDS ^c	CAPITAL LEASES	COMBINATION TAX AND REVENUE BONDS CO's ^b	GENERAL OBLIGATION BONDS ^c				
2018	\$ -	\$ 6,401,798	\$ 111,260	\$ -	\$ 1,321,083	\$ 7,834,141	1.22%	975	
2017	-	7,114,760	165,574	-	1,449,536	8,729,870	1.54	1,086	
2016	490,000	7,337,722	231,544	110,000	1,462,990	9,632,256	1.65	1,160	
2015	2,575,000	5,799,158	214,352	1,610,000	-	10,198,510	1.85	1,306	
2014	3,010,000	5,990,332	323,894	1,715,000	-	11,039,226	2.42	1,570	
2013	3,415,000	6,186,506	-	1,815,000	-	11,416,506	2.50	1,624	
2012	3,785,000	6,322,680	-	1,910,000	-	12,017,680	2.63	1,706	
2011	4,120,000	-	-	2,000,000	-	6,120,000	1.34	870	
2010	4,420,000	-	-	2,090,000	-	6,510,000	1.95	889	
2009	4,690,000	-	19,815	2,175,000	-	6,884,815	2.06	941	

NOTES

- a. Details regarding the City's outstanding debt can be found in Note 3F in the financial statements.
- b. The City issued \$6,300,000 of Tax and Revenue Bonds Certificates of Obligation in 2012.
- c. 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

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
2018	\$ 6,401,798	\$ 117,524	\$ 6,284,274	0.38%	\$ 782
2017	7,114,760	105,351	7,009,409	0.41	872
2016	7,827,722	73,077	7,754,645	0.48	993
2015	8,374,158	55,856	8,318,302	0.57	1,035
2014	9,000,332	166,589	8,833,743	0.62	1,132
2013	9,601,506	186,690	9,414,816	0.67	1,339
2012	10,107,680	106,281	10,001,399	0.74	1,422
2011	4,120,000	91,053	4,028,947	0.30	573
2010	4,420,000	167,417	4,252,583	0.30	605
2009	4,690,000	209,247	4,480,753	0.31	612

CITY OF ALAMO HEIGHTS, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT AS OF
SEPTEMBER 30, 2018

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	\$ 479,445,000 *	9/30/2018	1.37 %	\$ 6,568,397
Alamo Heights Independent School District	190,160,000 *	9/30/2018	29.94	56,933,904
Bexar County	1,700,305,000 *	9/30/2018	1.37	23,294,179
Bexar County Hospital District	891,565,000 *	9/30/2018	1.37	<u>12,214,441</u>
Total Overlapping Debt:				<u>99,010,921</u>
City of Alamo Heights				<u>6,513,058</u>
TOTAL DIRECT AND OVERLAPPING DEBT				<u>\$105,523,979</u>
TOTAL DIRECT AND OVERLAPPING DEBT % OF A.V.:				5.83%
TOTAL DIRECT AND OVERLAPPING DEBT PER CAPITA:				\$ 12,668

* 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 IN YEARS OF SCHOOLING</u>	<u>SCHOOL ENROLLMENT</u>	<u>UNEMPLOYMENT RATE</u>
2018	8,038	\$ 643,562,470	\$ 80,065	44	73.6%	4808	3.10%
2017	8,038	566,687,038	70,501	44	73.60	4,808	3.20
2016	8,038	566,687,038	70,501	45	71.40 *	4,808	3.80
2015	7,806	550,018,566	70,461	44	15.70	4,800	3.70
2014	7,031	456,916,566	64,986	40	15.73	4,800	4.30
2013	7,031	456,916,566	64,986	40	15.73	4,800	5.30
2012	7,031	456,916,566	64,986	40	15.73	4,793	6.00
2011	7,031	456,916,566	64,986	40	15.73	4,750	7.30
2010	7,319	334,039,160	45,640	40	15.73	4,460	6.80
2009	7,319	334,039,160	45,640	40	15.73	4,703	6.80

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	2018			2009		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (1)	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT (2)
Lackland Air Force Base	37,097	1	3.15%	28,100	2	3.29%
Fort Sam Houston	32,000	2	2.72%	30,793	1	3.61%
H.E.B. Food Stores	21,000	3	1.78%	14,588	4	1.71%
United Services Automobile Assoc	18,305	4	1.55%	14,852	3	1.74%
Northside Independent School Dist	13,977	5	1.19%	12,597	5	1.48%
City of San Antonio	12,057	6	1.02%	9,000	8	1.05%
Randolph Air Force Base	11,068	7	0.94%	10,700	6	1.25%
Methodist Healthcare System	9,620	8	0.82%	7,013	10	0.82%
North East Independent School Dist	9,001	9	0.76%	10,223	7	1.20%
Baptist Health System	6,383	10	0.54%	N/A	N/A	N/A
TOTALS	<u>170,508</u>		<u>14.47%</u>	<u>137,866</u>		<u>16.15%</u>

NOTES

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

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

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

TABLE 14

<u>FUNCTION/PROGRAM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government										
Administration	7	7	7	8	8	9	9	9	9	9
Municipal Court	1	1	1	1	1	1	1	1	1	1
Planning and Development	4	4	4	3	3	3	3	3	4	4
Public Safety										
Police	23	23	25	24	24	24	24	23	23	24
Communications Center	10	10	10	10	9	9	9	9	9	9
Fire	18	18	20	20	20	20	20	20	20	20
EMS	6	6	8	8	9	9	9	9	9	9
Public Works										
Public Works Administration	1	1	1	1	1	1	1	2	3	2
Parks	4	4	4	4	4	4	4	4	4	4
Streets	5	5	5	4	4	4	4	4	4	6
Solid Waste	10	10	10	10	10	10	10	10	10	9
Utilities	10	10	10	8	8	8	8	8	8	8
TOTALS	<u>99</u>	<u>99</u>	<u>105</u>	<u>101</u>	<u>101</u>	<u>102</u>	<u>102</u>	<u>102</u>	<u>104</u>	<u>105</u>

NOTE

Source: Fiscal years 2009 through current are authorized positions adopted with the City Budget. Prior years are obtained from Texas Workforce Commission worksite quarterly reports as of March 31 and is a cumulative total of employees for that quarter.

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

<u>FUNCTION/PROGRAM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government				
Building permits issued	249	242	172	132
Police				
Arrests	282	379	249	249
Parking Violations	361	357	428	428
Traffic Violations	5,552	4,246	5,538	5,392
Fire				
Number of calls answered	1,406	1,399	1,502	1,400
Number of fire responses	489	452	581	526
Number of EMS responses	917	947	921	874
Number of inspections	284	209	190	372
Number of training classes	531	708	899	1009
Water				
New connections	29	22	9	25
Water Main Breaks	13	11	6	11
Total consumption (gallons)	579,934,834	593,338,470	660,050,100	552,095,866
Daily average consumption (gallons)	1,588,863	1,625,585	1,808,356	1,512,591
Number of Service Connections	3,077	3,037	3,055	3,046
Average daily use per connection	516	535	592	497
Sewer				
Total customers	2,784	2,772	2,755	2,746

NOTE

Source: Various City Departments

TABLE 15

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
267	298	360	343	333	353
205	224	261	280	543	671
303	269	528	579	362	880
6,169	5,622	5,964	8,831	7,545	7,138
1,500	1,255	1,495	1,433	1,530	1,288
652	483	587	562	641	518
848	772	908	871	889	770
484	414	824	862	326	465
752	725	376	993	91	85
23	2	3	1	2	0
8	6	8	11	20	35
644,466,602	682,036,363	564,345,957	646,653,046	502,069,233	656,106,936
1,765,662	1,868,592	1,567,628	1,796,258	1,394,637	1,822,519
2,963	2,940	2,938	2,979	2,906	2,902
596	636	534	603	480	628
2,688	2,686	2,686	2,711	2,683	2,661

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

<u>FUNCTION/PROGRAM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Police				
Stations	1	1	1	1
Patrol Units	7	7	7	7
Fire				
Stations	1	1	1	1
Training facility	2	2	2	2
Fire Apparatus	2	2	2	2
EMS				
Ambulance	3	3	3	3
Sanitation				
Garbage Trucks	6	6	6	6
Streets				
Streets paved (miles)	41.40	41.40	41.40	40.25
Lane Miles	1,048.00	1,048.00	1,048.00	1,018.90
Parks				
Swimming pools	3077	1	1	1
Baseball/softball diamonds	0	2	2	2
Animal Control				
Control Vehicle	1	1	1	1
Water				
Number of reservoirs	0	1	1	1
Number of pump stations	6	6	6	6
Number of water mains (miles)	0	44.2	44.2	44.2
Sewer				
Sanitary sewers (miles)	32	32	32	32

NOTE

Source: City Asset Listing and Various City Departments.

TABLE 16

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
1 7	1 7	1 7	1 7	1 6	1 6
1 2 2	1 2 2	1 2 2	1 2 2	1 2 2	1 2 2
3	3	3	3	3	3
6	6	6	6	6	6
40.25 1,018.90	40.25 1,018.90	40.25 1,018.90	40.25 1,018.90	40.25 1,018.90	40.25 1,018.90
1 2	1 2	1 2	1 2	1 2	1 2
1	1	1	1	-	-
1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2	1 6 44.2
32	32	32	32	32	32