CITY OF ALAMO, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR YEAR ENDED SEPTEMBER 30, 2025

CITY OF ALAMO, TEXAS
Annual Comprehensive Financial Report
For Year Ended September 30, 2025

TABLE OF CONTENTS

CITY OFALAMO, TEXAS
Annual Comprehensive Financial Report
For Year Ended September 30, 2025

TABLE OF CONTENTS

V. SUPPLEMENTARY INFORMATION

VI. STATISTICAL SECTION

VII. INTERNAL CONTROL/COMPLIANCE SECTION

(This page intentionally left blank)

INTRODUCTORY SECTION

March 26, 2026

The Honorable Mayor, City Council
City of Alamo
Alamo, Texas

The Finance Department is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Alamo, Texas for the fiscal year ending September 30, 2025. This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures

We believe the data presented is accurate in all material respects and is organized in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds.

Adrian Webb, CPA, Certified Public Accountant, has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

The City of Alamo, Texas was incorporated on May 12, 1924 under the laws of the State of Texas and adopted the Commission – Manager Form of government with the adoption of its Charter on January 20, 1979. The City's Home Rule Charter provides for a Board of Commissioners form of government, composed of a Mayor and four Commissioners, along with a Municipal Judge, elected by the people. The City Council is responsible for enacting ordinances, resolutions, and regulation governing the City, appointing members of various statutory and advisory boards and the City Manager, City Attorney, City Secretary, and Court Administrator. As chief administrative officer, the City Manager is responsible for the enforcement of laws and ordinances, and appoints and supervises the heads of department of the City organization.

The City provides the following municipal government services including police and fire protection, municipal courts, highways and streets, water and sewer services, planning and zoning, code enforcement, building inspection, parks and recreation, library, economic development and general administration services. The City of Alamo is not financially accountable for any of the other area entities within its jurisdiction such as school districts or other non-profit or for profit corporations.

Component units are legally separate organizations that a primary government must include as a part of its financial entity. The City has included financial statement for the Alamo Economic Development Corporation (4B). The 4B Funds account for the local sales tax used to stimulate the local economy, development, and redevelopment.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City utilities and other proprietary activities are maintained on the accrual basis.

The City Ordinance establishes the fiscal year as October 1 through September 30. The City budget is prepared in accordance with State Law and the City Charter. The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager during the annual budget process. The City Manager presents the proposed budget to the City Council for review. The City of Alamo is required to hold a public hearing on the proposed budget. The City Council formally adopts the budget by the passage of a budget ordinance. The Mayor and City Council adopts an annual budget for the General Fund, Debt Service Fund, Special Revenue Funds, and Proprietary Funds. The appropriated budget is prepared by fund, department and function. The City Manager is required to inform the City Council and obtain City Council approval for any revisions of expenditures of any fund or department.

Budgetary control has been established at the department level. The City maintains internal budgetary control at the expenditure category (i.e., Personnel Services, Supplies, Other Services and Capital Outlay.) Monthly financial reports for the City Council are provided showing budget and actual revenues and expenditures.

ECONOMIC CONDITION AND OUTLOOK

The City of Alamo has a land area of 7.10 square miles and an estimated population over 20 thousand citizens. The City of Alamo is located between the cities of McAllen and Harlingen, along Interstate 2, roughly five miles north of the Rio Grande. The City is an integral part of the broad and diverse McAllen-Edinburg-Mission area. The City is empowered to levy a property tax on both real and personal property located within its boundaries. The local economy is largely supported by retail, health care, education, tourism, agriculture, and international trade. The City draws residents from across the region for commercial retail activity. Currently, the City is developing a nursing and rehabilitation facility and a freestanding emergency health center. These facilities will contribute to the City's tax base growth.

The City of Alamo is also the gateway to the Santa Ana National Wildlife Refuge, which is 7 ½ miles south of Alamo, Texas. Established in 1943, it is situated along the southern stretch of the Rio Grande, the Santa Ana Wildlife Refuge is home to many species of migratory birds. The refuge offers visitors an opportunity to see birds, butterflies and many other species not found anywhere else in the United States beyond deep South Texas.

The City of Alamo continues to grow with the help of the Alamo Economic Development Corporation. Over the years, the City of Alamo has acquired several retail chain stores which include (1) H.E.B. store, (1) Wal-Mart store, (1) Kautsch Lumber Co., (1) Goodwill, Inc. In addition to retail chain stores, the City has obtained The Original Willie's Bar-B-Q, Willie's Sweets, Tower Burger, Burger King, McDonalds, Church's Chicken, Subway Sandwiches, Little Caesars Pizza, Dairy Queen, Stars Drive-In, Carl's Jr, Peter Piper Pizza, Pizza Hut, and Wingstop.

The City continues to enjoy a stable outlook with property tax values at $1,277,312,583 up to 1% over the previous year. The Hidalgo County unemployment rate was 7.20% in 2025. The top 10 taxpayers are diverse, accounting for 8.02% of market value.

The City approved a decrease in the property tax rate; the property tax rate is $0.6022. This is the result of the efficient use of Maintenance Funds and Operation Funds and the increase in property tax values. The City of Alamo is expecting to have its assessed property values increase due to economic development growth. One of the major developments affecting the City is the installation of the South Texas Health System ER and retail stores.

The City's sales tax revenue had a slight decrease of 3% in collections compared to FY 2023-2024. While the governmental entities are working to closely monitor the region's economy, the City of Alamo has seen stable trends.

LONG-TERM FINANCIAL PLANNING

The City annually reviews its need for capital improvements, infrastructure, replacement/renovation needs, and new potential projects. Capital improvement projects are funded with general governmental revenues or through the issuance of long-term debt. The City annually prepares short-term improvement plans for parks, streets, water, sewer, and water plant projects. The capital improvement plans require funding sources to be identified for each project. All projects, ongoing and proposed, are prioritized based on an analysis of current needs and resource availability.

The City's most recent bond issue received the following ratings:

	General Obligation	Revenue
Standard & Poor's	AA	AA

FINANCIAL INFORMATION

The City's management team is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met.

INDEPENDENT AUDIT

The Charter of the City of Alamo requires that the City Council appoint a certified public accountant who will be responsible to the City Council, to perform an independent audit of all funds of the City on an annual basis. The independent auditor's report, prepared by Adrian Webb, C.P.A., is presented as the first component of the financial section of this report.

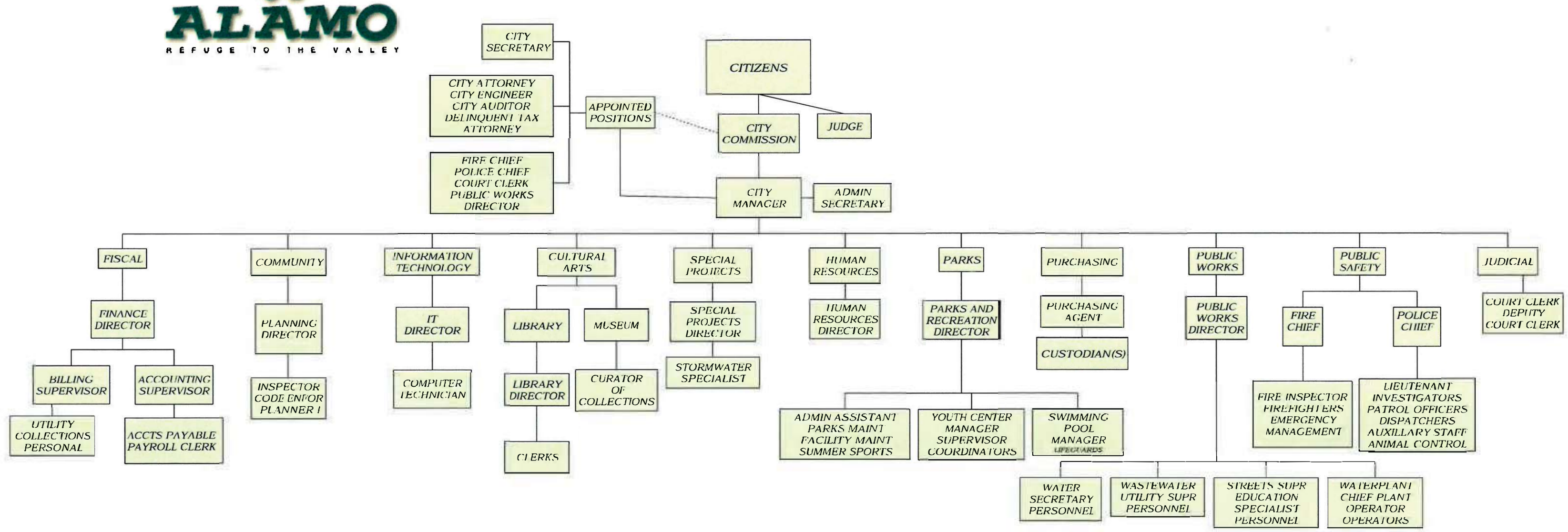
ACKNOWLEDGEMENTS

The preparation of the ACFR would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those instrumental in the successful completion of this report. Additionally, I would like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Yvette Mendoza,
Finance Director

CITY OF ALAMO ORGANIZATIONAL CHART



APPROVED BY COMMISSION 10/18

CITY OF ALAMO, TEXAS

For the Year Ended September 30, 2025

CITY OFFICIALS

J.R. Garza	Mayor
AJ Garcia	Mayor Pro-Tem
Pete Morales	Commissioner PL. 2
Okie Salinas	Commissioner PL. 3
Roel Moreno JR.	Commissioner PL. 4

CITY MANAGER

Roberto “Bobby” Salinas

FINANCE DIRECTOR

Yvette Mendoza

(This page intentionally left blank)

FINANCIAL SECTION

ADRIAN WEBB, CPA

Certified Public Accountant
Edinburg, Texas

Independent Auditor's Report

To the
Honorable Mayor and Members of the City Commission of
City of Alamo, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and TMRS pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 above because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and schedule of delinquent taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of delinquent taxes receivable 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 nonmajor fund financial statements, schedule of expenditures of federal awards, and schedule of delinquent taxes receivable are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Adrian Webb, CPA

Adrian Webb
Certified Public Accountant
Edinburg, Texas
March 26, 2026

(This page intentionally left blank)

MANAGEMENT'S DISCUSSION & ANALYSIS

As management of the City of Alamo, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Alamo for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with the independent auditors' report on page 1 and the City's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by $1,201,546. The increase in net position was primarily driven by increased property tax value and capital asset additions, partially offset by higher long-term debt issuances. Net position from governmental activities increased $1,965,466, while net position from business-type activities decreased by $763,919.

- The City's combined assets from governmental and business-type activities exceeded its liabilities at the close of the most recent fiscal year by $72,395,026 compared to $71,193,479 in the prior year.

- The General Fund ended the year with a fund balance of $8,134,177, a $1,186,100 decrease from prior year's balance of $9,320,277.

- When comparing the General Fund's final budget to actual, revenues were $976,123 less than the final budget, and expenditures were $948,259 less than the final budget. This resulted in an unfavorable budget-to-actual variance of $27,864 not including other financing sources (uses). The unfavorable variance was primarily due to lower-than-expected sales tax collections and delayed capital expenditures."

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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 the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. The government-wide financial statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the City, and the statements are presented on the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

The Statement of Activities presents information showing how the government'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 (e.g., uncollected taxes and earned but unused vacation leave).

The City's activities as a whole include governmental activities, and business-type activities. Governmental activities are those activities which are financed primarily through taxes and grants.

Most of the City's basic services are reported as governmental activities. Business-type activities are those activities that are intended to recover all or a significant portion of their costs through user fees and charges. Utility system operations are a common example of business-type activities.

The government-wide financial statements include the City (the primary government), as well as the blended component unit, including the Alamo Economic Development Corporation (EDC) which is a legally separate entity reported as a blended component unit. This entity is legally separate but is included because the City Commission exercises significant influence, as the City appoints all board members, can remove them at will, and the board is substantially the same as the City's governing body. Financial information for the EDC is reported blended with the financial information presented for the primary government. The government-wide financial statements can be found on pages 10-11 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements begin on page 12 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by law, bond covenants or by contracts. Still other funds are established by the City Commission to assist in managing money that is to be spent for particular purposes. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds

  Most of the City's basic services are reported in governmental funds, which focus on how money flows in and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future to finance the City's programs. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds

  The City reports the activities for which it charges users (whether outside customers or other units of the City). The proprietary funds use the accrual basis, the same accounting method employed in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

THE CITY'S FUNDS

Because the City is a government entity, it tracks all transactions using fund accounting. This means that the City isolates different types of activity into separate funds, which are tracked independently. Each fund essentially becomes its own entity, which then interacts with other funds. This structure allows for separate management of governmental funds, grants, enterprise funds (utility fund) and any other restricted funds.

As a result of this year's operations, all combined governmental funds, including special revenues and debt service funds (as presented in the balance sheet on page 12) reported a combined fund balance of $25,315,844, an increase of $6,155,126 from the previous year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net position (Table I) and changes in net position (Table II) of the City's governmental and business-type activities.

Net position of the City's governmental activities increased to $39,918,230 from $37,952,764. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints from debt covenants, legislation or other legal requirements was $19,395,145 as of September 30, 2025.

In the current fiscal year, net position of business-type activities decreased to $32,476,796 from $33,240,715. Table I below illustrates a comparative summary of the City's statement of net position as of September 30, 2025, and 2024.

Table I

	Governmental Activities		Business-Type Activities		Totals		
	2025	2024	2025	2024	2025	2024	Increase / Decrease
Current Assets	$ 30,903,458	$ 25,579,028	$ 7,005,312	$ 7,788,683	$ 37,908,770	$ 33,367,711	$ 4,541,059
Noncurrent Assets	37,774,280	28,970,086	40,776,359	40,497,829	78,550,640	69,467,915	9,082,725
Total Assets	68,677,738	54,549,114	47,781,671	48,286,512	116,459,410	102,835,626	13,623,784
Deferred Outflows of Resources	603,493	409,320	235,068	211,607	838,561	731,085	107,476
Total Assets and Deferred Outflows of resources	69,281,231	54,958,433	48,016,739	48,498,119	117,297,971	103,456,552	13,841,419
Current Liabilities	4,740,769	7,269,744	1,148,467	1,513,289	5,889,236	8,783,033	(2,893,797)
Noncurrent Liabilities	23,937,492	9,210,394	14,277,675	13,648,436	38,215,167	22,858,830	15,356,337
Total Liabilities	28,678,261	16,480,138	15,426,142	15,161,725	44,104,403	31,641,863	12,462,540
Deferred Inflows of Resources	684,741	525,531	113,801	95,679	798,542	621,210	177,332
Net Investment in Capital Assets	15,808,507	20,123,882	26,946,580	26,531,185	42,755,087	46,655,067	(3,899,980)
Restricted for:							
Capital Projects	-	-	-	1,985,200	-	1,985,200	(1,985,200)
Debt Service	2,202,414	2,234,514	-	-	2,202,414	2,234,514	(32,100)
Hotel/Motel Tax	736,016	721,976	-	-	736,016	721,976	14,040
Parkland	92,375	104,539	-	-	92,375	104,539	(12,164)
Economic Development	7,117,712	6,272,805	-	-	7,117,712	6,272,805	844,907
Special Purposes	96,276	195,627	-	-	96,276	195,627	(99,351)
Unrestricted	13,864,929	8,299,421	5,530,216	4,724,330	19,395,145	13,023,751	6,371,394
Total Net Position	39,918,230	37,952,764	32,476,796	33,240,715	72,395,026	71,193,479	1,201,546
Total Liabilities, deferred inflows of resources and net position	$ 69,281,231	$ 54,958,433	$ 48,016,739	$ 48,498,119	$ 117,297,971	$ 103,456,552	$ 13,841,419

Table II

	Governmental Activities		Business-Type Activities		Totals		
	2025	2024	2025	2024	2025	2024	Increase / Decrease
Revenues							
Program Revenues							
Charges for Services	$ 4,114,153	$ 3,524,039	$ 6,169,952	$ 6,132,812	$ 10,284,105	$ 9,656,851	$ 627,254
Operating Grants and Contributions	3,181,496	2,625,320	-	-	3,181,496	2,625,320	556,176
Capital Grants and Contributions	-	-	-	-	-	-	-
General Revenues							
Property Taxes	6,491,039	5,909,519	-	-	6,491,039	5,909,519	581,520
General Sales and Use Tax	6,104,652	6,064,413	-	-	6,104,652	6,064,413	40,239
Other Taxes	959,947	867,854	-	-	959,947	867,854	92,093
Other Revenues	1,980,826	2,912,702	-	-	1,980,826	2,912,702	(931,876)
Total Revenues	22,832,113	21,903,847	6,169,952	6,132,812	29,002,065	28,036,659	965,406
Expenses							
General Government	9,557,665	7,727,311	-	-	9,557,665	7,727,311	1,830,354
Public Safety	7,235,852	5,900,346	-	-	7,235,852	5,900,346	1,335,506
Highway and Streets	954,929	1,050,033	-	-	954,929	1,050,033	(95,104)
Culture and Recreation	2,295,934	1,897,261	-	-	2,295,934	1,897,261	398,673
Economic Development	189,799	159,751	-	-	189,799	159,751	30,048
Debt Issuance Costs	-	-	-	-	-	-	-
Interest on long-term debt	1,281,931	858,891	-	-	1,281,931	858,891	423,040
Utility Services	-	-	6,284,410	5,547,616	6,284,410	5,547,616	736,794
Total Expenses	21,516,109	17,593,594	6,284,410	5,547,616	27,800,519	23,141,210	4,659,310
Increase in net position before transfers	1,316,004	4,310,253	(114,458)	585,196	1,201,546	4,895,449	(3,693,903)
Transfers In/(Out)	649,461	(126,492)	(649,461)	126,492	-	-	-
Change in Net Position	1,965,466	4,183,761	(763,919)	711,688	1,201,546	4,895,449	(3,693,903)
Net Position Beginning	37,952,764	33,769,003	33,240,715	32,529,026	71,193,479	66,298,029	4,895,450
Net Position Ending	$ 39,918,230	$ 37,952,764	$ 32,476,796	$ 33,240,715	$ 72,395,026	$ 71,193,479	$ 1,201,546

The cost of all governmental activities in the current year was $21,516,109. However, as shown in Table II, the amount financed by property and non-property taxes was $6,491,039 and $7,064,599 respectively. The remaining costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

	Governmental Activities		Business-Type Activities		Totals		
Capital Assets Not Being Depreciated/Amortized	2025	2024	2025	2024	2025	2024	Increase / Decrease
Land	$ 8,145,411	$ 2,177,334	$ 2,943,078	$ 2,943,078	$ 11,088,489	$ 5,120,412	$ 5,968,077
Construction in Progress	1,645,347	1,895,097	13,312,060	12,556,036	14,957,407	14,451,133	506,274
Total capital assets, not being depeciated/amortized	9,790,758	4,072,431	16,255,138	15,499,114	26,045,896	19,571,545	6,474,351
Capital Asssets, Being Depreciated/Amortized							
Buildings	14,352,716	13,413,065	4,838,176	4,838,176	19,190,892	18,251,241	939,651
Vehicles	6,149,391	6,056,991	293,844	293,844	6,443,235	6,350,835	92,400
Machinery and Equipment	5,488,077	4,711,635	2,838,918	2,277,191	8,326,995	6,988,826	1,338,169
Right-of-Use Assets	-	-	4,470,386	4,470,386	4,470,386	4,470,386	-
Infrastructure	21,447,433	18,739,221	26,221,471	26,221,471	47,668,904	44,960,692	2,708,212
Total capital assets, being depeciated/amortized	47,437,618	42,920,912	38,662,795	38,101,068	86,100,413	81,021,980	5,078,433
Less: accumulated depreciation/amortization	(19,454,097)	(18,023,257)	(14,141,573)	(13,102,352)	(33,595,670)	(31,125,609)	(2,470,061)
Total capital assets, being depeciated/amortized, net	27,983,521	24,897,655	24,521,221	24,998,715	52,504,742	49,896,371	2,608,372
Capital Assets, Net	$ 37,774,280	$ 28,970,087	$ 40,776,359	$ 40,497,829	$ 78,550,640	$ 69,467,916	$ 9,082,725

At the end of the fiscal year, the City had $78,550,640 (net of depreciation) invested in capital assets, including facilities, land, infrastructure, vehicles, and equipment, as further discussed in the notes to the financial statements. This is an increase of $9,082,723 from the previous fiscal year. The increase is largely due to surplus funds from bond issuances, which financed significant additions to land and infrastructure.

Long-Term Debt

By the end of the fiscal year, the City had long-term obligations totaling $36,565,709 versus $23,029,160 at the end of last year, an increase of $13,536,549. The increase in long-term debt is primarily attributable to the issuance of Series 2024 and 2025 bonds to fund capital improvements and economic development projects. The following is a summary of long-term obligations:

	Governmental		Increase/
	2025	2024	Decrease
General Obligation Debt	$ 21,612,695	$ 8,135,000	$ 13,477,695
Notes Payable	449,808	476,133	(26,325)
Compensated Absences	460,596	396,077	64,520
Total Governmental Activities	$ 22,523,100	$ 9,007,210	$ 13,515,890

	Business-Type		Increase/
	2025	2024	Decrease
General Obligation Debt	$ 9,870,000	$ 10,150,000	$ (280,000)
Right-of-Use Leases	4,110,625	3,816,644	293,981
Compensated Absences	61,983	55,306	6,677
Total Business-Type Activities	14,042,609	14,021,950	20,658
Total Primary Government	$ 36,565,709	$ 23,029,160	$ 13,536,549

Standard & Poor's Ratings has reviewed and assigned an AA / AA rating to the limited tax bonds and certificates of obligation debt. Additional information on the City of Alamo's long-term debt can be found in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraisal values used in preparing 2025-2026 budget increased $72,860,916 over the prior year.

- The ad valorem property tax rate was set at 0.60220 for the 2025-2026 fiscal year.

- The Sales Tax collected in 2024-2025 decreased by $187,382 or 3.0% over the prior year.

- The 2024-2025 General Fund operating budget was prepared using $9,597,426 as the estimated fund balance as of September 30, 2025. The actual unassigned fund balance for the General Fund was $8,124,925.

- The City's financial stability remains strong and City management and the City Council continuously review the City's fund balance to ensure there are sufficient funds always on hand to cover any unforeseen events. The City's General Fund maintains six months' worth of expenses in reserve for such events.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Alamo's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Director, at City of Alamo, P.O. Box 837, Alamo, Texas 78570.

BASIC FINANCIAL STATEMENTS

City of Alamo
Statement of Net Position
September 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets:			
1010 Cash and Cash Equivalents	$ 15,857,243	$ 2,979,578	$ 18,836,821
1030 Investments - Current	9,775,933	1,791,967	11,567,900
Receivables (Net of Allowance for Uncollectible):			
1050 Taxes Receivable, Net	1,736,475	-	1,736,475
1150 Accounts Receivable, Net	1,064,628	481,054	1,545,683
1160 Notes Receivable	355,950	-	355,950
1260 Due from Other Governments	1,103,874	-	1,103,874
1300 Due from Other Funds	975,697	9,402	985,099
1430 Prepaid Items	33,657	70,420	104,077
Restricted Assets:			
1611 Restricted Cash and Cash Equivalents	-	1,672,890	1,672,890
Total Current Assets	30,903,458	7,005,312	37,908,770
Noncurrent Assets:			
1791 Capital Assets Not Being Depreciated	9,790,758	16,255,138	26,045,896
1792 Capital Assets Being Depreciated	47,437,618	38,662,794	86,100,412
1780 Accumulated Depreciation	(19,454,096)	(14,141,573)	(33,595,669)
Total Noncurrent Assets	37,774,280	40,776,359	78,550,640
TOTAL ASSETS	68,677,738	47,781,671	116,459,409
DEFERRED OUTFLOWS OF RESOURCES:			
1991 Deferred Charge for Refunding	96,730	-	96,730
1992 Deferred Outflows Related to Pension Plan	497,909	82,750	580,659
1993 Deferred Outflows Related to OPEB	8,854	1,472	10,326
1994 Unamortized Discounts on Bonds	-	150,846	150,846
TOTAL DEFERRED OUTFLOWS OF RESOURCES	603,493	235,068	838,561
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 69,281,231	$ 48,016,739	$ 117,297,970
LIABILITIES:			
Current Liabilities:			
2010 Accounts Payable	$ 734,877	$ 119,859	$ 854,736
2011 Wages and Salaries Payable	83,171	10,424	93,595
2015 Customer Deposits	11,480	816,605	828,085
2020 Payroll Liabilities	-	-	-
2080 Due to Other Funds	864,873	120,226	985,099
2140 Accrued Interest	77,288	46,749	124,037
2230 Unearned Revenues	2,143,672	-	2,143,672
2270 Other Current Liabilities	825,408	34,604	860,012
Total Current Liabilities	4,740,769	1,148,467	5,889,236
Noncurrent Liabilities:			
2504 Current Portion of Long-Term Debt	1,630,650	631,598	2,262,248
2520 Long-Term Debt	20,892,450	13,411,010	34,303,460
2580 Net Pension Liability	1,168,120	194,137	1,362,257
2585 Other Post Employment Benefits	246,272	40,929	287,201
Total Noncurrent Liabilities	23,937,492	14,277,675	38,215,167
TOTAL LIABILITIES	28,678,261	15,426,141	44,104,402
DEFERRED INFLOWS OF RESOURCES:			
2602 Deferred Inflows Related to Pension Plan	628,360	104,431	732,791
2603 Deferred Inflows Related to OPEB	56,381	9,370	65,751
TOTAL DEFERRED INFLOWS OF RESOURCES	684,741	113,801	798,542
NET POSITION			
4001 Net Investment in Capital Assets	15,808,507	26,946,580	42,755,088
Restricted For:			
3006 Debt Service	2,202,414	-	2,202,414
3009 Hotel/Motel Tax	736,016	-	736,016
3410 Parkland	92,375	-	92,375
3425 Economic Development	7,117,712	-	7,117,712
3490 Special Purposes	96,276	-	96,276
3890 Unrestricted	13,864,929	5,530,216	19,395,145
TOTAL NET POSITION	39,918,230	32,476,796	72,395,026
TOTAL LIABILITIES, DEFERRED INFLOWS, & NET POSITION	$ 69,281,231	$ 48,016,739	$ 117,297,970

City of Alamo
Statement of Activities
For the Year Ended September 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position — Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
GOVERNMENTAL ACTIVITIES:						
General Government	$ 9,557,665	$ 4,114,153	$ 3,181,496	$ (2,262,016)	$ -	$ (2,262,016)
Public Safety	7,235,852	-	-	(7,235,852)	-	(7,235,852)
Highways and Streets	954,929	-	-	(954,929)	-	(954,929)
Culture and Recreation	2,295,934	-	-	(2,295,934)	-	(2,295,934)
Economic Development	189,799	-	-	(189,799)	-	(189,799)
Interest on Debt	1,281,931	-	-	(1,281,931)	-	(1,281,931)
Total Governmental Activities	21,516,109	4,114,153	3,181,496	(14,220,460)	-	(14,220,460)
BUSINESS-TYPE ACTIVITIES:						
Water and Sewer	6,284,410	6,169,952	-	-	(114,458)	(114,458)
Total Business-Type Activities	6,284,410	6,169,952	-	-	(114,458)	(114,458)
TOTAL PRIMARY GOVERNMENT	27,800,519	10,284,105	3,181,496	(14,220,460)	(114,458)	(14,334,918)

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes:			
Property Taxes, Levied for General Purposes	5,862,631	-	5,862,631
Property Taxes, Levied for Debt Service	628,408	-	628,408
General Sales and Use Taxes	6,104,652	-	6,104,652
Franchise Tax	719,116	-	719,116
Other Taxes	62,439	-	62,439
Penalties and Interest on Taxes	178,393	-	178,393
Investment Earnings	951,295	-	951,295
Miscellaneous Revenue	1,024,403	-	1,024,403
Gain or Loss on Disposal of Assets	5,127	-	5,127
Transfers In (Out)	649,461	(649,461)	-
Total General Revenues and Transfers	16,185,925	(649,461)	15,536,464
Change in Net Position	1,965,466	(763,919)	1,201,546
Net Position - Beginning	$ 37,952,764	$ 33,240,715	$ 71,193,479
Net Position - Ending	$ 39,918,230	$ 32,476,796	$ 72,395,026

City of Alamo
Balance Sheet - Governmental Funds
September 30, 2025

	Major Governmental Funds						
	General Fund	**ARPA Fund**	**Alamo Economic Development**	**Series 2024**	**Alamo Economic Development Series 2025**	**Non-Major Governmental Funds**	**Total Governmental Funds**
ASSETS:							
1010 Cash and Cash Equivalents	$ 1,469,276	$ 2,020,315	$ 3,249,436	$ 6,525,115	$ 43,629	$ 2,549,472	$ 15,857,243
1030 Investments - Current	6,374,029	-	1,577,031	-	-	1,824,873	9,775,933
1050 Taxes Receivable, Net	1,422,882	-	248,450	-	-	65,143	1,736,475
1150 Accounts Receivable, Net	619,472	-	1,519	-	-	443,637	1,064,628
1160 Notes Receivable	-	-	355,950	-	-	-	355,950
1260 Due from Other Governments	639,020	-	-	-	-	464,854	1,103,874
1300 Due from Other Funds	971,142	-	-	-	-	4,555	975,697
1430 Prepaid Items	9,252	-	24,405	-	-	-	33,657
TOTAL ASSETS	11,505,074	2,020,315	5,456,790	6,525,115	43,629	5,352,535	30,903,458
LIABILITIES:							
2010 Accounts Payable	732,318	-	2,559	-	-	-	734,877
2011 Wages and Salaries Payable	83,171	-	-	-	-	-	83,171
2015 Customer Deposits	11,480	-	-	-	-	-	11,480
2080 Due to Other Funds	859,529	-	2,009	2,954	-	381	864,873
2230 Unearned Revenues	-	1,673,638	-	-	-	470,035	2,143,672
2270 Other Current Liabilities	825,408	-	-	-	-	-	825,408
TOTAL LIABILITIES	2,511,906	1,673,638	4,567	2,954	-	470,416	4,663,481
DEFERRED INFLOWS OF RESOURCES:							
2601 Deferred Property Taxes	607,737	-	-	-	-	65,143	672,879
2604 Deferred Accounts	251,253	-	-	-	-	-	251,253
TOTAL DEFERRED INFLOWS OF RESOURCES	858,990	-	-	-	-	65,143	924,133
FUND BALANCES:							
Non-spendable for:							
3001 Prepaid Items	9,252	-	24,405	-	-	-	33,657
Restricted for:							
3006 Debt Service	-	-	-	-	-	2,202,414	2,202,414
3007 Capital Projects	-	-	-	6,522,161	43,629	-	6,565,790
3009 Hotel/Motel Tax	-	-	-	-	-	736,016	736,016
3410 Parkland	-	-	-	-	-	92,375	92,375
3425 Economic Development	-	-	5,427,818	-	-	1,689,895	7,117,712
3490 Special Purposes	-	-	-	-	-	96,276	96,276
3600 Unassigned	8,124,925	346,677	-	-	-	-	8,471,603
TOTAL FUND BALANCES	8,134,177	346,677	5,452,223	6,522,161	43,629	4,816,976	25,315,844
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 11,505,074	$ 2,020,315	$ 5,456,790	$ 6,525,115	$ 43,629	$ 5,352,535	$ 30,903,458

EXHIBIT C-2

City of Alamo

Reconciliation of the Balance Sheet - Governmental to the Governmental Activities - Statement of Net Position

September 30, 2025

Total Fund Balances - Governmental Funds		$ 25,315,844
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 governmental funds:		
Capital Assets Not Being Depreciated	9,790,758	
Capital Assets Being Depreciated	47,437,618	
Accumulated Depreciation	(19,454,097)	
Total Capital Assets, Net		37,774,280
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities at the fund level.		
Deferred Charge for Refunding	96,730	
Unamortized Premiums (Discounts) on Bonds	(1,237,695)	
Compensated Absences	(396,077)	
Debt Service - Due Within One Year	(1,630,650)	
Debt Service - Due in More Than One Year	(19,258,678)	
Total Long-Term Liabilities		(22,426,371)
Some receivables are reported as deferred inflows of resources at the governmental level, and therefore are not reported in governmental funds.		
Property Taxes	672,879	
Fines	251,253	
Total Deferred Inflows of Resources		924,133
Interest on long-term debt is not accrued in the governmental funds, but is recognized as an expenditure in the funds.		
Accrued Interest Payable	(77,288)	
Total Accrued Interest Payable		(77,288)
Included in the noncurrent liabilities is the recognition of the City's net pension liability required by GASB Statement No. 68, a deferred resource outflow and a deferred resource inflow. This resulted in a decrease in net position.		
Net Pension Liability	(1,168,120)	
Deferred Outflow related to Pension Plan	497,909	
Deferred Inflow related to Pension Plan	(628,360)	
		(1,298,571)
Included in the noncurrent liabilities is the recognition of the City's net OPEB liability required by GASB Statement No. 75, a deferred resource outflow and a deferred resource inflow. This resulted in a decrease in net position.		
Net OPEB Liability	(246,272)	
Deferred Outflow related to OPEB	8,854	
Deferred Inflow related to OPEB	(56,381)	
		(293,799)
Net position of governmental activities		$ 39,918,230

City of Alamo
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For The Year Ended September 30, 2025

		Major Governmental Funds						
		General Fund	**ARPA Fund**	**Alamo Economic Development**	**Series 2024**	**Alamo Economic Development Series 2025**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
REVENUES:								
Taxes:								
5110	Property Taxes	$ 5,770,395	$ -	$ -	$ -	$ -	$ 620,645	$ 6,391,040
5120	General Sales and Use Taxes	4,578,489	-	1,526,163	-	-	-	6,104,652
5170	Franchise Tax	719,116	-	-	-	-	-	719,116
5180	Other Taxes	8,458	-	-	-	-	53,980	62,439
5190	Penalty and Interest on Taxes	134,702	-	-	-	-	4,668	139,370
5200	Licenses and Permits	277,419	-	-	-	-	-	277,419
5300	Intergovernmental Revenue and Grants	2,214,198	581,537	-	-	-	385,761	3,181,496
Fees and Charges:								
5400	Charges for Services	4,046,853	-	-	-	-	67,300	4,114,153
5510	Fines	408,206	-	-	-	-	-	408,206
5610	Investment Earnings	351,569	83,364	191,630	177,139	132	147,461	951,295
5620	Rents and Royalties	64,630	-	-	-	-	-	64,630
5700	Other Revenue	142,843	-	-	-	-	132,380	275,223
	TOTAL REVENUES	18,716,877	664,901	1,717,793	177,139	132	1,412,196	22,689,038
EXPENDITURES:								
Current:								
100	General Government	7,850,074	-	522,084	-	189	301,251	8,673,599
200	Public Safety	6,566,549	-	-	-	-	-	6,566,549
300	Highway and Streets	866,600	-	-	-	-	-	866,600
500	Culture and Recreation	2,080,934	-	-	-	-	2,630	2,083,564
600	Economic Development	-	-	114,815	-	-	57,428	172,243
Debt Service:								
710	Principal on Debt	-	-	26,325	-	-	1,190,000	1,216,325
720	Interest on Debt	401,714	-	4,523	-	-	494,498	900,735
800	Capital Outlay	2,944,121	-	5,968,077	654,978	-	667,857	10,235,033
	TOTAL EXPENDITURES	20,709,992	-	6,635,824	654,978	189	2,713,665	30,714,648
	Excess(Deficiency) of Revenues Over(Under) Expenditures	(1,993,115)	664,901	(4,918,031)	(477,839)	(57)	(1,301,469)	(8,025,610)
OTHER FINANCING SOURCES (USES)								
7911	Issuance of Debt	-	-	-	6,685,000	6,745,000	-	13,430,000
7912	Gain or Loss on Disposal of Assets	5,127	-	-	-	-	-	5,127
7915	Transfers In	1,142,437	-	5,968,077	-	-	1,795,915	8,906,430
7916	Premium or Discount on Issuance of Bonds	-	-	-	510,969	-	-	510,969
8911	Transfers Out	(340,549)	(591,287)	(842,671)	-	(6,482,461)	-	(8,256,969)
8953	Bond Issuance Cost	-	-	-	(195,969)	(218,853)	-	(414,822)
	TOTAL OTHER FINANCING SOURCES (USES)	807,016	(591,287)	5,125,406	7,000,000	43,686	1,795,915	14,180,736
	Net Change in Fund Balances	(1,186,100)	73,614	207,375	6,522,161	43,629	494,447	6,155,126
3600	Fund Balance - Beginning	9,320,277	273,063	5,244,848	-	-	4,322,529	19,160,718
3900	Fund Balance - Ending	$ 8,134,177	$ 346,677	$ 5,452,223	$ 6,522,161	$ 43,629	$ 4,816,976	$ 25,315,844

City of Alamo
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Governmental Activities - Statement of Activities
For the Year Ended September 30, 2025

Total Net Change in Fund Balances - Governmental Funds		$	6,155,126
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the current year's capital outlays is to increase (decrease) the change in net position.			
Additions to Capital Assets	10,235,033		
Depreciation of Capital Assets	(1,430,839)		
			8,804,194
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Charge on Refunding	(18,847)		
Principal Repayment	1,216,325		
Amortization of Bond Premium	104,542		
Bond Issuance	(13,430,000)		
Bond Premium Addition	(510,969)		
Compensated Absences	(64,520)		
			(12,703,469)
Interest on long-term debt is not accrued in the governmental funds, but it is recognized as an expenditure at the fund level.			
Accrued Interest Payable	(52,069)		
			(52,069)
Because some property taxes and fines receivable will not be collected for several months after the City's year end, they are not considered "available" revenues in the governmental funds. This represents the change in unavailable revenue from the prior year.			
Property Taxes	139,024		
Fines	(1,076)		
			137,948
GASB 68 requires certain plan expenditures to be de-expensed and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. Finally, the proportionate share of pension expense on the plan as a whole has to be recorded.			
Change in Net Pension Liability	(432,023)		
Deferred Outflow related to Pension Plan	222,399		
Deferred Inflow related to Pension Plan	(149,606)		
			(359,230)
GASB 75 requires certain plan expenditures to be de-expensed and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net OPEB liability. Finally, the proportionate share of OPEB expense on the plan as a whole has to be recorded.			
Change in Net OPEB Liability	1,949		
Deferred Outflow related to OPEB	(9,381)		
Deferred Inflow related to OPEB	(9,603)		
			(17,035)
Change in Net Position of Governmental Activities		$	1,965,466

EXHIBIT D-1

City of Alamo
Statement of Net Position - Proprietary Funds
September 30, 2025

		Water and Sewer
ASSETS:		
Current Assets:		
1010 Cash and Cash Equivalents	$	2,979,578
1030 Investments - Current		1,791,967
1150 Accounts Receivable, Net		481,054
1300 Due from Other Funds		9,402
1430 Prepaid Items		70,420
Restricted Assets:		
1611 Restricted Cash and Cash Equivalents		1,672,890
Total Current Assets		7,005,312
Noncurrent Assets:		
1791 Capital Assets Not Being Depreciated		16,255,138
1792 Capital Assets Being Depreciated		38,662,794
1780 Accumulated Depreciation		(14,141,573)
Total Noncurrent Assets		40,776,359
TOTAL ASSETS		47,781,671
DEFERRED OUTFLOWS OF RESOURCES:		
1992 Deferred Outflows Related to Pension Plan		82,750
1993 Deferred Outflows Related to OPEB		1,472
1994 Unamortized Discounts on Bonds		150,846
TOTAL DEFERRED OUTFLOWS OF RESOURCES		235,068
TOTAL ASSETS & DEFERRED OUTFLOWS		48,016,739
LIABILITIES:		
Current Liabilities:		
2010 Accounts Payable		119,859
2011 Wages and Salaries Payable		10,424
2015 Customer Deposits		816,605
2080 Due to Other Funds		120,226
2140 Accrued Interest		46,749
2270 Other Current Liabilities		34,604
Total Current Liabilities		1,148,467
Noncurrent Liabilities:		
2504 Current Portion of Long-Term Debt		631,598
2520 Long-Term Debt		13,411,010
2580 Net Pension Liability		194,137
2585 Other Post Employment Benefits		40,929
Total Noncurrent Liabilities		14,277,675
TOTAL LIABILITIES		15,426,141
DEFERRED INFLOWS OF RESOURCES:		
2602 Deferred Inflows Related to Pension Plan		104,431
2603 Deferred Inflows Related to OPEB		9,370
TOTAL DEFERRED INFLOWS OF RESOURCES		113,801
NET POSITION		
4001 Net Investment in Capital Assets		26,946,580
3890 Unrestricted		5,530,216
TOTAL NET POSITION		32,476,796
TOTAL LIABILITIES, DEFERRED INFLOWS, & NET POSITION	$	48,016,739

EXHIBIT D-2

City of Alamo

Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

For the Year Ended September 30, 2025

			Water and Sewer
OPERATING REVENUES:			
5400	Charges for Services	$	5,996,926
5610	Investment Earnings		173,026
	Total Operating Revenues		6,169,952
OPERATING EXPENSES:			
6100	Personnel Services		1,580,456
6300	Purchased Professional & Technical Services		462,200
6500	Other Operating Costs		2,461,700
6600	Supplies		306,957
6800	Depreciation		1,039,221
	Total Operating Expenses		5,850,533
OPERATING INCOME(LOSS)			319,419
NON-OPERATING REVENUES(EXPENSES)			
6920	Interest on Debt		(433,877)
	Total Non-Operating Revenues(Expenses)		(433,877)
	Income(Loss) Before Capital Contributions and Transfers		(114,458)
Contributions and Transfers			
7915	Transfers In		343,850
8911	Transfers Out		(993,311)
	Total Contributions and Transfers		(649,461)
	Change in Net Position		(763,919)
3890	Net Position - Beginning		33,240,715
3900	**Net Position - Ending**	$	32,476,796

(This page intentionally left blank)

EXHIBIT D-3

City of Alamo
Statement of Cash Flows - Proprietary Funds
For the Year Ended September 30, 2025

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Total Receipts From Customers	$ 6,199,596
Total Payments to Suppliers	(3,230,857)
Total Payments to Employees	(1,580,456)
Net Cash Flows Provided/(Used) by Operating Activities	1,388,284
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers In	343,850
Transfers Out to Other Funds	(993,311)
Total Payments (To)/From Others	(32,338)
Net Cash Provided/(Used) by Non-capital Financing Activities	(681,799)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sale/(Acquisition) of Capital Assets	(1,317,751)
Lease Proceeds	561,727
Principal Paid on Long-Term Debt	(547,746)
Interest Paid on Long-Term Debt	(433,877)
Net cash Provided/(Used) by Capital and related financing activities	(1,737,647)
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of Certificate of Deposit	(77,433)
Investment Earnings	173,026
Net Cash Provided/(Used) by Investing Activities	173,026
Net Increase/Decrease in Cash and Cash Equivalents including Restricted	(858,136)
Cash Beginning of Fiscal Year, including Restricted	5,510,604
Cash End of Fiscal Year, including Restricted	4,652,468
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities	
Operating Income	319,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	1,039,221
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (Increase) in Receivables	6,245
Decrease (Increase) in Prepaid Items	(10,420)
Increase(Decrease) in Wages and Benefits Payable	(11,411)
Increase(Decrease) in Other Current Liabilities	(39,120)
Increase(Decrease) in Customer Deposits	134,312
Amortization of Discount on Bonds	7,281
Change in Pension Liability/Outflows/Inflows	(44,800)
Change in OPEB Liability/Outflows/Inflows	(12,442)
Net Cash Provided (Used) by Operating Activities	$ 1,388,284

(This page intentionally left blank)

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The City of Alamo, Texas, "the City", was incorporated as a general law city in 1924. The charter established a City Manager form of government. The municipal government provided by the Charter of the City of Alamo shall be known as the Board of Commissioners. The Board of Commissioners shall consist of a Mayor and four Commissioners which shall enact local legislation, adopt budgets, determine policies, and appoint the City Manager, who is held responsible to the Board of Commissioners for the execution of the laws and the administration of the government of the City.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-body for establishing governmental accounting and financial reporting principles. The more significant accounting policies used by the City are described below.

A. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Alamo, Texas and its component units, entities for which the City is considered to be financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The criteria for including organizations as component units with the City's reporting entity as set forth in Section 2100 of GASB's codification of Governmental and Financial Reporting Standards, include whether:

- The Organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the Organization
- The City appoints a voting majority of the Organization's board
- The City is able to impose its will on the Organization
- The Organization has potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the Organization on the City

Blended Component Unit – Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Commission or the component unit provides services entirely to the City. These component units' funds are blended into those of the City by appropriate activity type to compose the primary government presentation.

Note 1 - Summary of Significant Accounting Policies - Continued

The City has one blended component unit, the Alamo Economic Development Corporation (EDC).

Alamo Economic Development Corporation – (EDC) is a nonprofit industrial development corporation organized for the purpose of promoting, assisting and enhancing economic development activities for the City as provided by the Development Corporation Act of 1979. Sales Taxes are collected under Section 4B of the Development Corporation Act of 1979 for these purposes. EDC was incorporated on January 8, 1999. The EDC board is fully appointed by the City Board of Commissioners. The reason it is a blended component unit is because the City appoints all EDC board members and can remove them at will, the EDC board is substantially the same as the City governing body. A copy of their annual financial report can be requested and obtained in the office of the City of Alamo.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Separate financial statements are provided for Governmental Funds and Proprietary Funds, even though the latter are excluded from the government-wide financial statements. Major individual Governmental Funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the Proprietary Fund and Fiduciary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Note 1 - Summary of Significant Accounting Policies - Continued

The City considers revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate self-balancing set of accounts for its assets, other debits, liabilities, other credits, equity, revenue and expenditures or expenses, as appropriate.

Governmental Funds – Government resources are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund type) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

Enterprise Funds – account for operations (1) that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Note 1 - Summary of Significant Accounting Policies - Continued

Major Governmental Funds

The City reports the following major Governmental Funds:

The *General Fund* is the City's primary operating fund. It accounts for all the general government, except those required to be accounted for in another fund.

The *Capital Projects Funds* are used to account for the acquisition or construction of major capital projects. The Series 2024 and Alamo Economic Development funds are reported as major funds.

The *Special Revenue Funds* are used to account for the proceeds of specific revenue sources, other than for major capital projects, that are legally restricted to expenditure for specified purposes. The American Rescue Plan fund is reported as a major fund.

Major Proprietary Funds

The *Water and Sewer Fund* accounts for the provision of water and sewer services to the residents of the City and some residents outside of the city.

E. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Water and Sewer (Utility) Fund. The Capital Projects Funds adopt project – length budgets. Formal budgetary integration is employed as a management control device during the year for the General and Debt Service, as well as for the Water and Sewer (Utility) Fund. The American Rescue Plan fund, a major special revenue fund, did not have an adopted budget. The City Commission accepted the funds by resolution; however, no budgetary action was taken due to the timing of the receipt of the funds.

Unused appropriations of the above annual budgets lapse at the end of each year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year. Budgetary data for Capital Project Funds is budgeted over the life of the respective project and not on an annual basis. Therefore, this data is not presented in the accompanying combined financial statements. Revisions that alter total expenditures within a department must be approved by the City Commission. Therefore, legal level of budgetary responsibility is at the departmental level.

Note 1 - Summary of Significant Accounting Policies - Continued

City Management establishes the amount of estimated revenues and other resources available for appropriation for the succeeding budget year. City Management submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1. The operating fund includes proposed expenditures and the means of financing them. Public hearings are conducted at City Hall to obtain taxpayer comments. Prior to October 1, the budget is adopted by the City Commission.

Expenditures may not legally exceed budgeted appropriations at the department level. During the year, several supplementary appropriations were necessary.

F. Compliance and Accountability

i. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance related to legal and contractual provisions, if any, are reported below, along with actions taken to address such violations.

Violation	Action Taken
None Reported.	Not applicable.

ii. **Excess of expenditures over appropriations**

The following is a list of the excess of expenditures over appropriations, at the legal control by an individual fund:

None.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

i. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Note 1 - Summary of Significant Accounting Policies - Continued

Cash in all funds, including restricted cash, is pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts have equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the month end. An individual fund's pooled cash is available upon demand and is considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

Negative balances incurred in pooled cash at year-end are treated as inter-fund receivables of the General Fund and interfund payables of the deficit fund.

ii. Restricted Assets

Certain assets of the City are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, or other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Customer deposit accounts - Deposited in non-interest-bearing accounts and refunded upon termination of service with the City and satisfaction of all obligations due.

Bond and capital activities – Includes certain proceeds from issuance of revenue bonds, as well as certain resources set aside for the repayment of bonds or future capital activities.

iii. Investments

Investments for the City are reported at fair value (generally based on quoted market prices) except for the position in the TexPool public fund investment pool (Pool). The Pool meets all the specified criteria in Section I50: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the City's position in the pool is equal to the value of the pooled shares.

iv. Receivables and Payables

Unbilled receivables – An amount for unbilled revenue is recorded in the Water and Sewer (Utility Fund) for services rendered but not yet billed as of the end of the fiscal year. The receivable is derived from the cycle billings generated subsequent to the fiscal year end and prorated for usage in September.

Allowance for doubtful accounts - Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 365 days are subject to being considered as uncollectible.

Note 1 - Summary of Significant Accounting Policies – Continued

v. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as expenditures/expenses when consumed rather than when purchased.

vi. Interfund Activities and Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" within the fund financial statements. Long-term borrowings between funds are classified as "advances to other funds" or "advances from other funds" in the fund financial statements. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual balance outstanding between the governmental and business-type activities at the end of the fiscal year, which are reported in the government-wide financial statements as internal balances.

Interfund transactions are reflected as services are provided, reimbursed, or transferred. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are reported as transfers. Transfers between governmental or business-type funds are netted as part of the reconciliation to the government-wide presentation.

vii. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are reflected at their acquisition value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Gains or losses on dispositions of capital assets are included in income within the proprietary fund financial statements and in the governmental activities/business-type activities' columns of the government-wide financial statements. In the governmental fund financial statements, only the proceeds from the disposition are reported.

Note 1 - Summary of Significant Accounting Policies – Continued

Within the proprietary fund, interest cost, less interest earned on investments acquired with proceeds of related borrowing, is capitalized during the construction of capital projects when material. Interest expense is not capitalized on capital assets. Depreciation of capital assets used by proprietary funds, including those acquired by contributed capital, is charged as an expense against their operations in the fund financial statements as well as the government-wide financial statements. Depreciation of capital assets used by funds categorized as governmental activities is not provided in the fund financial statements, however, is included in the gross expense by function in the government-wide statement of activities. Capital assets, net of accumulated depreciation, are reported on proprietary fund balance sheets and in both the governmental activities and business-type activities column of the government-wide statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Description	Useful Life
Improvements	10-25 years
Buildings	25 years
Furniture and Equipment	3-10 years
Infrastructure	15-40 years
Water and Sewer System	15-40 years
Equipment Under Lease	Term of Lease

The right-to-use lease asset capitalization level is determined by the Board. The term of the lease must be the noncancelable period during which the City has the right to use the tangible assets of another entity plus any periods in which either the lessee or the lessor has the sole option to extend the lease if it is reasonably certain the option will be exercised, plus any periods in which either the lessee or the lessor has the sole option to terminate the lease if it is reasonably certain the option will not be exercised by that party and must not meet the definition of a short-term lease under GASB 87. As of September 30, 2025, the City's right-of-use assets are recognized in the financial statements.

viii. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four (4) items that qualify for reporting as deferred outflows of resources, the *Unamortized Discounts on the issuance of long-term debt, deferred amount on refunding*, the *deferred outflows related to pensions,* and the *deferred outflows related to OPEB*, each reported in the government-wide and proprietary funds statements of net position.

Note 1 - Summary of Significant Accounting Policies – Continued

The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and other post-employment benefits as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension liability or OPEB liability in future reporting years.

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 the following items that qualify for reporting as deferred inflows of resources. The *Unamortized Premium on the issuance of long-term debt,* deferred *inflows related to pensions and OPEB* are an aggregate of items related to pensions and other postemployment benefits as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

ix. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

Note 1 - Summary of Significant Accounting Policies – Continued

In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*, no accrual is recorded for compensated absences that are dependent on the performance of future services by employees or when payments are dependent on future events outside the control of the employer and employees. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

x. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long- term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section I30: *Interest Costs –Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources and discounts are reported as other financing uses. Issuance costs, whether withheld from debt proceeds, are reported as debt service expenditures.

xi. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Note 1 - Summary of Significant Accounting Policies – Continued

xii. Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Texas Municipal Retirement System (TMRS) Supplemental Death Benefit has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This measure is used for purposes of measuring the total OPEB liability, deferred outflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from the applicable OPEB's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Information regarding the City's total OPEB liability related to the TMRS Supplemental Death Benefit is obtained from TMRS through a report prepared by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

xiii. Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary 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 – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Note 1 - Summary of Significant Accounting Policies - Continued

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Non-spendable fund balance – Non-spendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City commission 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 in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The governing commission has by resolution authorized the City Manager and the Finance Director to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

xiv. Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – Property taxes attach as an enforceable lien on property as of January 1st. Property taxes are levied as of October 1st. The county appraisal district certifies the tax roll by July 25th. This tax roll is used by the City to adopt a tax rate by September 1st or soon thereafter. The tax bills are mailed on October 1st or soon thereafter and are due and payable upon receipt. The billings become delinquent as of February 1 of the following calendar year and penalties and interest may be assessed by the City.

Note 1 - Summary of Significant Accounting Policies – Continued

Proprietary funds operating and nonoperating revenues and expenses – 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 Water and Sewer (Utility) Fund are charges to 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.

xv. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

xvi. Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued the following statements which became effective for fiscal year 2025, and have been implemented:

- GASB Statement No. 101, *Compensated Absences* – This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Note 1 - Summary of Significant Accounting Policies – Continued

- GASB Statement No. 102, "*Certain Risk Disclosures*"- The objective of this statement is to provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints, whether by an external party or formal authoritative action by the government. A government is to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

The Governmental Accounting Standards Board has issued a statement that will become effective in future years. These statements are as follows:

- GASB Statement No. 103, "*Financial Reporting Model Improvements*"- The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues related to Management's Discussion and Analysis, unusual or infrequent items, Net Position of proprietary funds, Major Component Unit Information, and Budgetary Comparison Information. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

- GASB Statement No. 104, "*Disclosure of Certain Capital Assets*"- The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets separately in the capital assets note disclosures required by Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

- GASB Statement No. 105, "*Subsequent Events*"- The objective of this Statement is to define subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. This statement is effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

Note 2 – Detail Notes on all Funds

A. Deposits and Investments

City's funds are required to be deposited and invested under the terms of a depository contract and investment policy pursuant to state statute. The depository bank deposits for safekeeping and trust with its agent approved pledged securities authorized by Chapter 2257 Collateral for Public Funds of the Government Code in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

As of September 30, 2025, the carrying amount of the City's deposits was $18,836,821. In addition, the City has $1,672,890 held in restricted escrow accounts.

The City has one depository institution: Freedom Bank.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of maintaining contact with the trust department of its depository agency to eliminate all custodial credit risk.

As of September 30, 2025, the City's bank balance of $19,673,503 was not exposed to custodial credit risk and was fully insured and fully collateralized by $250,000 FDIC insurance.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U. S. Treasury, certain U. S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers' acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Note 2 – Detail Notes on all Funds – Continued

State law and the City's Investment Policy restrict depository time and demand deposits to those fully collateralized or FDIC insured from eligible depositories (banks) doing business in Texas. By policy, depository CDs are limited to maturities not exceeding two (2) years and require collateralization to 102% with pledged securities (and 110% if collateral is a mortgage-backed security). All collateral is to be held by an independent custodian. The pledging bank is contractually responsible for monitoring and maintaining the collateral margins daily. Brokered CD securities must be FDIC insured and delivered versus payment to the City's depository. The maximum maturity for brokered CDs is one year and FDIC insurance must be verified before purchase. The policy requires that FDIC status of the brokered CD banks be monitored weekly and any mergers exposing the City to non-FDIC coverage requires immediate liquidation.

State law and the City's adopted Investment Policy limit repurchase agreements to primary dealers or banks doing business in Texas. The policy requires independent safekeeping of collateral, and a 102% margin on collateral. Repurchase agreements are limited to a maximum maturity of three (3) years executed under a Master Repurchase Agreement.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs 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; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2025, the City held the following fair value measurements:

Interest Rate Risk
The investment policy states that no investment shall exceed two years in maturity. By limiting the exposure of its investments by less than two years as reflected in the above schedule, the City reduces its risks to the rising interest rates.

Credit Risk
As of September 30, 2025, the investments in the TexPool external investment pool were rated AAAm by Moody's Investor Service and Standards and Poor's. The City's investment policy limits authorized investments to certificates of deposits, U.S. Treasuries and federal government agencies, direct obligations of the State of Texas or its agencies, certain fully collateralized direct repurchase agreements, commercial paper – 270-day limit, or any investment allowed under the Public Funds Investment Act with prior approval of the City Commission.

Note 2 – Detail Notes on all Funds – Continued

Custodial Credit Risk

Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits and investments are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At year end, the City was not exposed to custodial credit risk.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Public Funds Investment Act.

Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the City was not exposed to foreign currency risk.

Public Funds Investment Pools

Texas Pool ("TexPool) is an investment pool (local government investment pool) for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. TexPool reports its financial statements in accordance with Financial Accounting Standards Board (FASB) and follows ASC 820 "Fair Value Measurement and Disclosure Requirements" in reporting its investments. For pricing and redeeming shares, TexPool maintains a stable net asset value (NAV) of $1 per share using the fair value method. For financial reporting purposes, the City and component units reported amounts for investment pools of $9,990,869 and $1,577,031 respectively, in cash and cash equivalents on the Statement of Net Position as of September 30, 2025. There were no unfunded commitments as of September 30, 2025, and amounts reported in the investment pool had a daily redemption frequency and do not require prior notice for redemption.

A reconciliation of cash and investments is as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and Cash Equivalents	$ 15,857,243	$ 2,979,578	$ 18,836,821
Restricted cash	-	1,672,890	1,672,890
Investment Pool	9,775,933	1,791,967	11,567,900
	$ 25,633,176	$ 6,444,435	$ 32,077,611

The City's Investments as of September 30, 2025, are shown below:

Valuation Method	Description	Reported Amount	Weighted Average Maturity (Days)	Concentration of Credit Risk
Market Value	TexPool Investment Fund	$ 11,567,900	35	100.00%

City of Alamo, Texas
Notes to the Basic Financial Statements
For the Year Ended September 30, 2025

Note 2 – Detail Notes on all Funds

B. Disaggregation of Receivables

The City's receivables as of September 30, 2025, are summarized by the following table:

	Governmental Funds				Business-Type Activities
Description	General Fund	Urban County	Non-Major Funds	Total	Utility Fund
Property Tax	$ 675,263	$ -	$ 72,381	$ 747,644	$ -
Sales Tax	766,901	-	248,450	1,015,351	-
Fines Receivable	502,507	-	-	502,507	-
Utility	341,061	-	-	341,061	773,424
Notes Receivable	-	-	355,950	355,950	-
Due from State	609,412	-	-	609,412	-
Due from County	29,608	464,854	271,413	765,875	-
Other Receivables	75,402	-	173,743	249,145	-
Gross Receivables	3,000,154	464,854	1,121,937	4,586,945	773,424
Less:Allowance for Uncollectible	(318,780)	-	(7,238)	(326,018)	(292,369)
Receivables, Net	$ 2,681,375	$ 464,854	$ 1,114,699	$ 4,260,927	$ 481,054

The City's receivables as of September 30, 2025, for non-major funds are broken down as summarized by the following table:

	Non-Major Funds				
Description	Debt Service Fund	TIRZ Fund	Hotel/Motel Fund	Alamo EDC	Total
Property Taxes	$ 72,381	$ -	$ -	$ -	$ 72,381
Sales Taxes				248,450	248,450
Due from County	-	271,413	-	-	271,413
Notes Receivable	-		-	355,950	355,950
Other Receivables	-	-	172,225	1,519	173,743
Gross Receivables	72,381	271,413	172,225	605,919	1,121,937
Less:Allowance for Uncollectible	(7,238)	-	-	-	(7,238)
Receivables, Net	$ 65,143	$ 271,413	$ 172,225	$ 605,919	$ 1,114,699

Property tax revenues are recognized when they become available in the fund statements. Available includes those property tax receivables expected to be collected within sixty days after year end.

Note 2 – Detail Notes on all Funds

C. Disaggregation of Payables

The City's payables as of September 30, 2025, are summarized by the following table:

	Primary Government			
	Governmental Funds		Business-Type	
Description	General Fund	Alamo EDC	Utility Fund	Total Payables
Accounts Payable	$ 732,318	$ 2,559	$ 119,859	$ 854,736
Wages and Salaries Payable	83,171	-	10,424	93,595
Accrued Interest	77,288	-	46,749	124,037
Other Current Liabilities	825,408	-	34,604	860,012
Total Payables	$ 1,718,185	$ 2,559	$ 211,636	$ 1,932,380

D. Interfund Receivables and Transfers

Interfund balances as of September 30, 2025, consisted of the following individual fund receivables and payables:

Description	Due From Other Funds	Due To Other Funds
General Fund:		
Water & Sewer	$ 110,824	
Series 2024	2,954	-
Alamo Economic Development	2,009	-
Park Improvement	500	-
State Asset Forfeiture	281	
Asset Forfeiture	-	3,955
Total General Fund	116,568	3,955
Asset Forfeiture Fund		
General	3,955	-
Total Asset Forfeiture Fund	3,955	-
State Asset Forfeiture Fund		
General	-	281
Total State Asset Forfeiture Fund	-	281
Park Improvement Fund:		
General	-	500
Total Park Improvement Fund	-	500
Series 2024 Fund:		
General	-	2,954
Total Series 2024 Fund	-	2,954
Alamo Economic Development		
General	-	2,009
Total Alamo Economic Development	-	2,009
Water & Sewer Fund		
General		110,824
Total Water & Sewer Fund	-	110,824
Total Interfund Receivables	$ 120,523	$ 120,523

Note 2 – Detail Notes on all Funds – Continued

D. Interfund Receivables and Transfers

The City reports interfund transfers between many of its funds. Significant transfers occurred to reallocate bond issuance funds. Interfund transfers for the year ended September 30, 2025, consisted of the following:

Description	Transfers In	Transfers Out
General Fund:		
Water and Sewer	$ 350,000	$ -
TIRZ	-	340,549
Park Improvement	-	-
Alamo Economic Development	545,000	-
ARPA	247,437	-
Total General Fund	1,142,437	340,549
ARPA Fund:		
General Fund		247,437
Water and Sewer		343,850
Total ARPA Fund	-	591,287
Debt Service:		
AEDC	297,671	-
Water and Sewer Fund	643,311	-
Total Debt Service Fund	940,982	-
TIRZ Fund		
General Fund	340,549	-
Total TIRZ Fund	340,549	-
Alamo EDC Series 2025		
Alamo Economic Development	-	5,968,077
Alamo EDC Debt Reserve	-	514,384
Total Alamo EDC Series 2025	-	6,482,461
Alamo EDC Debt Reserve Fund:		
Alamo EDC Series 2025	514,384	-
Total Alamo EDC Debt Reserve Fund	514,384	-
Alamo Economic Development		
General Fund	-	545,000
Debt Service	-	297,671
Alamo EDC Series 2025	5,968,077	-
Total Alamo Economic Development	5,968,077	842,671
Water & Sewer Fund		
General Fund	-	350,000
ARPA Fund	343,850	-
Debt Service Fund	-	643,311
Total Water & Sewer Fund	343,850	993,311
Total Interfund Transfers	$ 9,250,280	$ 9,250,280

Note 2 – Detail Notes on all Funds - Continued

E. Notes Receivable – AEDC Blended Component Unit

In an effort to provide local economic development and stimulate business and commercial activity within the City of Alamo, the Alamo Economic Development Corporation has accepted notes from various businesses. These notes provide assistance to small emerging private businesses in the City of Alamo. These notes are funded from a $750,000 Intermediary Relending Loan from USDA. The balance in notes receivables as of September 30, 2025, is $355,950.

Description	Balance 9/30/2024	Additions	Retirements	Balance 9/30/2025
Melina Lerma $150,000 Loan on October 14, 2021, at 4.00% interest with maturity October 14, 2031	$ 118,128	$ 2,276	$ (16,616)	$ 103,788
The Original Willies's Inc. $140,000 loan on May 19, 2016, at 5.00% interest with maturity on August 1, 2026	31,226	-	(15,995)	15,231
Little Bright Minds Academy, LLC Loan on December 21, 2021, for the amount of $150,000 at an interest rate of 4.00% maturing on December 21, 2032	128,968	-	(13,308)	115,660
Good Times Screen Printing, LLC on June 8, 2023, for the amount of $150,000 at an interest rate of 4.00% maturing on June 8, 2033	134,358	-	(13,089)	121,269
Total Notes Receivable	$ 412,680	$ 2,276	$ (59,007)	$ 355,950

Note 2 – Detail Notes on all Funds - Continued

F. Deferred Inflows and Unearned Revenues

Governmental funds defer revenue recognition with resources that have been received, but not yet earned. As of September 30, 2025, the various components of deferred revenue and unearned revenue reported in the fund financials statements were summarized by the following table:

1. Deferred Inflows of Resources

Description	General Fund	Debt Service Fund	Total
Property Taxes	$ 607,737	$ 65,143	$ 672,880
Court Fines	251,253	-	251,253
Total Deferred Inflows of Resources	$ 858,990	$ 65,143	$ 924,133

2. Unearned Revenues

Description	Urban County	ARPA	Asset Forfeiture	Total
Intergovernmental Grants	$ 464,854	$ 1,673,638	$ -	$ 2,138,492
Asset Forfeiture	-	-	5,180	5,180
Total Unearned Revenues	$ 464,854	$ 1,673,638	$ 5,180	$ 2,143,672

Note 2 – Detail Notes on all Funds - Continued

G. Capital Assets

The City's capital asset activity for governmental activities for the year ended September 30, 2025, is summarized by the following table:

Governmental Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated				
Land and right of way	$ 2,177,334	$ 5,968,077	$ -	$ 8,145,411
Construction in Progress	1,895,097	1,645,347	(1,895,097)	1,645,347
Total capital assets not being depreciated	4,072,431	7,613,424	(1,895,097)	9,790,758
Capital assets being depreciated				
Buildings and Improvements	13,413,065	939,651	-	14,352,716
Vehicles	6,056,991	92,400	-	6,149,391
Machinery and Equipment	4,711,635	776,442	-	5,488,077
Infrastructure	18,739,221	2,708,212	-	21,447,433
Total capital assets being depreciated	42,920,912	4,516,706	-	47,437,618
Less: accumulated depreciation	(18,023,257)	(1,430,839)	-	(19,454,097)
Total capital assets being depreciated, net	24,897,655	3,085,867	-	27,983,521
Capital Assets, Net - Governmental Activities	$ 28,970,086	$ 10,699,291	$ (1,895,097)	$ 37,774,280

The City's capital asset activity for business-type activities for the year ended September 30, 2025, is summarized by the following table:

Business-Type Activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated				
Land and right of way	$ 2,943,078	$ -	$ -	$ 2,943,078
Construction in Progress	12,556,036	756,024	-	13,312,060
Total capital assets not being depreciated	15,499,114	756,024	-	16,255,138
Capital assets, being depreciated				
Building and Improvements	4,838,176	-	-	4,838,176
Vehicles	293,844	-	-	293,844
Machinery and Equipment	2,277,191	561,727	-	2,838,918
Right-of-Use Assets	4,470,386	-	-	4,470,386
Infrastructure	26,221,471	-	-	26,221,471
Total capital assets being depreciated	38,101,068	561,727	-	38,662,795
Less: accumulated depreciation	(13,102,352)	(1,039,221)		(14,141,573)
Total capital assets being depreciated, net	24,998,715	(477,494)	-	24,521,221
Capital Assets, Net - Business-Type Activities	40,497,829	278,530	-	40,776,359
Total Capital Assets, Net	$ 69,467,915	$ 10,977,821	$ (1,895,097)	$ 78,550,640

Note 2 – Detail Notes on all Funds – Continued

G. Capital Assets - Continued

For the year ended September 30, 2025, depreciation expense was charged to governmental and business-type activities functions of the primary government as follows:

Governmental Activities:	Amount
General Government	$ 675,860
Public Safety	511,676
Highway & Streets	67,527
Culture & Recreation	162,355
Economic Development	13,421
Total Depreciation - Governmental	$ 1,430,839

Business-type Activities:	Amount
Water/Sewer	$ 1,039,221
Total Depreciation - Business-type	$ 1,039,221

H. Long-Term Liabilities

General Obligation Bonds

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Certificates of obligation have been issued for general government activities as well as business-type (proprietary) activities. Certificates of obligation are direct obligations and pledge the full faith and credit of the City.

Governmental Activities

Bonds Payable

The City issued $4,495,000 in Texas General Obligation Refunding Bonds- Series 2021 to provide resources to cover the costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The aggregate difference between the refunding debt and refunded debt is $96,730 as of September 30, 2025.

The City issued $6,685,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024 to provide resources for various public improvements, including street and drainage projects, utility system upgrades, facility renovations, and land acquisition, as well as to cover costs of issuance. The Certificates are secured by an annual ad valorem tax levy and a limited pledge of surplus revenues from the City’s water and wastewater system.

Note 2 – Detail Notes on all Funds – Continued

H. Long-Term Liabilities – Continued

The City's total long-term debt obligations for governmental activities as of September 30, 2025, are summarized by the following table:

Governmental Activities	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable								
Bond Series 2019	2.00% - 4.00%	$ 5,590,000	2/15/2040	$ 3,220,000	$ -	$ (510,000)	$ 2,710,000	$ 525,000
Bond Series 2021	2.00% - 4.00%	4,495,000	2/15/2032	3,245,000	-	(670,000)	2,575,000	565,000
Bond Series 2023	4.18%	1,675,000	2/15/2033	1,670,000	-	(10,000)	1,660,000	180,000
Bond Series 2024	4.59%	6,685,000	2/15/2054	-	6,685,000	-	6,685,000	15,000
Bond Series 2025	4.45%	6,745,000	2/15/2050	-	6,745,000	-	6,745,000	150,000
Unamortized Premium on Bonds				831,269	510,969	(104,542)	1,237,695	104,542
Total Bonds Payable				8,966,269	13,940,969	(1,294,542)	21,612,695	1,539,542
Notes Payable								
USDA Intermediary Relending Loan	1.00%	750,000	11/15/2040	476,133	-	(26,325)	449,808	26,588
Total Notes Payable				476,133	-	(26,325)	449,808	26,588
Total Bonds and Notes Payable				**9,442,402**	**13,940,969**	**(1,320,867)**	**22,062,503**	**1,566,130**
Other Long-Term Obligations								
Compensated Absences				396,077	463,787	(399,267)	460,596	64,520
Total Other Long-Term Obligations				396,077	463,787	(399,267)	460,596	64,520
Total Long-Term Obligations				**$ 9,838,479**	**$ 14,404,755**	**$ (1,720,134)**	**$ 22,523,100**	**$ 1,630,650**

The annual debt service requirements to maturity for governmental activities' for bonds, notes, and leases payable debt obligations are as follows:

Year Ending	Bond and Note Requirements		
September 30,	Principal	Interest	Total
2026	1,461,588	927,460	2,389,048
2027	1,326,854	884,775	2,211,629
2028	1,107,042	836,661	1,943,703
2029	933,491	798,252	1,731,743
2030	963,657	763,016	1,726,672
2031-2035	3,760,600	735,180	4,495,780
2036-2040	2,976,576	689,036	3,665,612
2041-2045	2,880,000	650,180	3,530,180
2046-2050	3,815,000	624,437	4,439,437
2051-2055	1,600,000	602,534	2,202,534
Total	$ 20,824,808	$ 7,511,531	$ 28,336,339

Note 2 – Detail Notes on all Funds – Continued

H. Long-Term Liabilities – Continued

Bonds Payable

Alamo Economic Development Corporation (AEDC) issued $6,745,000 in Sales Tax Revenue Bonds, Series 2025, secured solely by a pledge of certain sales and use tax revenues generated within the City of Alamo, Texas. Proceeds from the bonds are the AEDC's obligation and will be used primarily to acquire approximately 17 acres of land for future development, fund a reserve account requirement of $514,384, and cover issuance costs.

Notes Payable

Alamo Economic Development Corporation $750,000 USDA Intermediary Relending Loan which will be for a term of 30 years and will be amortized at the rate of 1% interest, created November 15, 2010, principal payments were deferred for a period of 2 years. The annual debt service requirements to maturity for the loan payable outstanding are as follows:

Year Ending	Notes Payable		
September 30,	Principal	Interest	Total
2026	26,588	4,259	30,848
2027	26,854	3,993	30,848
2028	27,042	3,849	30,891
2029	28,491	3,577	32,068
2030	28,657	3,291	31,948
2031-2035	150,600	12,038	162,638
2036-2040	161,576	4,249	165,825
Total	$ 449,808	$ 35,256	$ 485,064

Business-Type Activities

The City's long-term debt obligations for business-type activities are as follows:

Business-type Activities	Interest Rate Payable	Amounts Original Issue	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds Payable								
Bond Series 2017	0.12% - 2.87%	$ 1,000,000	3/1/2037	$ 685,000	$ -	$ (45,000)	$ 640,000	$ 45,000
Bond Series 2018	0.73% - 2.19%	10,335,000	3/1/2047	9,465,000	-	(235,000)	9,230,000	245,000
Total Bonds Payable				10,150,000	-	(280,000)	9,870,000	290,000
Leases Payable								
Smart Meters	2.02%	4,470,386	10/1/2036	3,816,644	-	(217,415)	3,599,230	230,580
Vactor Truck	4.83%	561,727	2/1/2030	-	561,727	(50,331)	511,396	104,341
Total Leases Payable				3,816,644	561,727	(267,746)	4,110,625	334,921
Total Bonds and Leases Payable				**13,966,644**	**561,727**	**(547,746)**	**13,980,625**	**624,921**
Other Long-Term Obligations								
Compensated Absences				55,306	70,259	(63,582)	61,983	6,677
Total Other Long-Term Obligations				55,306	70,259	(63,582)	61,983	6,677
Total Long-Term Obligations				**$ 14,021,950**	**$ 631,986**	**$ (611,328)**	**$ 14,042,608**	**$ 631,598**

Note 2 – Detail Notes on all Funds – Continued

H. Long-Term Liabilities – Continued

The annual debt service requirements to maturity for business-type activities' for bonds and leases payable debt obligations are as follows:

Year Ending	Bond and Lease Requirements		
September 30,	Principal	Interest	Total
2026	624,921	560,984	1,185,905
2027	658,718	566,485	1,225,204
2028	783,314	660,467	1,443,781
2029	808,739	652,970	1,461,709
2030	776,121	757,983	1,534,104
2031-2035	3,941,619	2,997,239	6,938,858
2036-2040	2,912,193	3,304,175	6,216,368
2041-2045	2,425,000	2,672,716	5,097,716
2046-2050	1,050,000	1,078,684	2,128,684
Total	$ 13,980,625	$ 13,251,703	$ 27,232,328

<u>Bonds Payable</u>

The annual debt service requirements to maturity for business-type bonds payable are as follows:

Year Ending	Bond Requirements		
September 30,	Principal	Interest	Total
2026	290,000	489,439	779,439
2027	305,000	499,666	804,666
2028	410,000	598,654	1,008,654
2029	415,000	596,453	1,011,453
2030	425,000	598,804	1,023,804
2031-2035	2,245,000	2,984,810	5,229,810
2036-2040	2,305,000	2,801,045	5,106,045
2041-2045	2,425,000	2,672,716	5,097,716
2046-2050	1,050,000	1,078,684	2,128,684
Total	$ 9,870,000	$ 12,320,270	$ 22,190,270

Note 2 – Detail Notes on all Funds – Continued

H. Long-Term Liabilities – Continued

Right-of-Use Leases

The annual debt service requirements to maturity for business-type leases payable are as follows:

Year Ending	Lease Requirements		
September 30,	Principal	Interest	Total
2026	334,921	71,546	406,467
2027	353,718	66,819	420,538
2028	373,314	61,813	435,127
2029	393,739	56,517	450,256
2030	351,121	74,826	425,948
2031-2035	1,696,619	159,178	1,855,797
2036-2040	607,193	12,429	619,622
Total	$ 4,110,625	$ 503,130	$ 4,613,755

Note 3 – Defined Benefit – Pension Plan - TMRS

Plan Description

The City of Alamo participates as one of 888 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 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 (ACFR) that can be obtained at www.tmrs.com.

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

Note 3 – Defined Benefit Pension Plan: TMRS – Continued

Benefits Provided

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

At retirement, the benefits are calculated as if the sum of the employee's contributions, with interest, and the city-financing monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

	TMRS
Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	184
Active employees	167
Total participants	419

Contributions

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the City matching percentages is 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 of Alamo were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.40% and 9.73% in calendar year 2024 and 2025 respectively. The City's contributions to the pension plan for the year ended September 30, 2025, were $449,594 and were equal to the required contributions.

Note 3 – Defined Benefit Pension Plan: TMRS – Continued

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2024, and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Schedule of Actuarial Assumptions	
Valuation Date	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increase	3.6% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2024 valuation pursuant to an experience study of the period ending 2022.
Mortality Assumption	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information	Increased city matching ratio from 1.5:1 to 2:1. Increased statutory max to 11.50% due to plan changes.

Note 3 – Defined Benefit Pension Plan: TMRS – Continued

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals (i.e. the employer normal cost).

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.

	Pension Liability (Asset) (a)	Fiduciary Net Position (b)	Pension Liability (Asset) (a) - (b)
Balance at December 31, 2023	$ 15,216,019	$ 14,345,907	$ 870,112
Changes for the year:			
Service Cost	898,456		898,456
Interest	1,117,011		1,117,011
Change of benefit terms	1,231,642		1,231,642
Difference between expected and actual experience	(454,697)		
Changes of assumptions	-		-
Benefit payments, including refunds			-
of employee contributions	(697,141)	(697,141)	-
Contributions - employer		449,594	(449,594)
Contributions - employee		368,522	(368,522)
Net investment income		1,491,935	(1,491,935)
Administrative expense		(9,560)	9,560
Other Changes		(224)	224
Net Changes	2,095,271	1,603,126	492,145
Balance at December 31, 2024	$ 17,311,290	$ 15,949,033	$ 1,362,257

Note 3 – Defined Benefit Pension Plan: TMRS – Continued

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

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 4,211,128	$ 1,362,257	$ (917,008)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

For the year ended September 30, 2025, the City recognized pension expense in the amount of $1,757,792.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	$ -	$ 313,923
Differences between projected and actual investment earnings (net of current year amortization)	-	418,868
Contributions subsequent to the measurement date	580,659	-
Total	$ 580,659	$ 732,791

Note 3 – Defined Benefit Pension Plan: TMRS – Continued

$580,659 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions expense as follows:

Plan Year Ending December 31,	Amount
2025	$ (138,685)
2026	556
2027	(260,916)
2028	(104,714)
2029	-
Thereafter	-
Total	$ (503,759)

Note 4 – Other Post Employment Benefits

Plan Description

The City also participates in a single-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees.

The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered as other post-employment benefits ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered an unfunded OPEB plan (i.e. no assets are accumulated).

Note 4 – Other Post Employment Benefits – Continued

Employees Covered by Benefit Terms

	TMRS
Inactive employees or beneficiaries currently receiving benefits	48
Inactive employees entitled to but not yet receiving benefits	19
Active employees	167
Total participants	234

Actuarial Assumptions and Other Inputs

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

Summary of Actuarial Assumptions:	
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under the requirements of GASB No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Bond Buyer "20-Bond GO Index" rate as of December 31, 2024.

Note 4 – Other Post Employment Benefits – Continued

Total OPEB Liability

Employees for the City of Alamo were not required to contribute their annual gross earnings during the fiscal year. The contribution rates for the City were 0.13% and 0.14% in calendar 2024 and 2025 respectively. The City's contributions to TMRS for year ended September 30, 2025, were $9,582, and were equal to the required contributions.

Balance at December 31, 2023	$ 293,411
Changes for the year:	
Service Cost	16,215
Interest	11,187
Change in benefit terms	-
Difference between expected and actual experience	(7,803)
Changes in assumptions	(16,227)
Benefit payments, including refunds of employee contributions	(9,582)
Net Changes	(6,210)
Balance at December 31, 2024	$ 287,201

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, Calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 Percentage point lower (3.08%) or 1 Percentage point higher (5.08%) than the current discount rate.

1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
344,282	287,201	243,138

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

For the year ended September 30, 2025, the City recognized OPEB expense in the amount of $13,829.

Note 4 – Other Post Employment Benefits – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 12,835
Changes in assumptions and other inputs	-	52,916
Contributions made subsequent to measurement date	10,326	-
Total	$ 10,326	$ 65,751

$10,326 of deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Plan Year Ending December 31,	Amount
2025	$ (13,462)
2026	(14,780)
2027	(23,414)
2028	(11,004)
2029	(3,091)
Thereafter	-
Total	(65,751)

Note 5 – Urban County

The City of Alamo and other municipalities in Hidalgo County participate in Hidalgo County's "Urban County" Program. By being designated as an "Urban County," Hidalgo County and the participating cities are entitled to receive a formula share of entitlement CDBG program funds from U.S. Department of Housing and Urban Development (HUD). Monies received from HUD are allocated to the cities participating in the program based on agreed-upon formulas. The County is responsible for the administration of the program and is ultimately responsible for including the grant activity related to the "Urban County Program" in its audit report (s) as per CDBG guidelines. All monies received from HUD on this program are handled by the County.

The County pays the vendors or contractors directly for goods or services which benefit the different cities. The County also reimburses the cities for general administration costs incurred by those cities. The City received $385,761 for expenses incurred between October 1, 2024, to September 30, 2025.

Note 6 – Commitments and Contingencies

Grant Programs

The City participates in several federal and state assisted grant programs. Under the terms of these grants, the City is subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures that might be disallowed by the grantor agencies cannot be determined at this time: however, management believes such amounts, if any, would be immaterial.

Texas Water Development Board Disclosure

Texas Water Code, Chapter 16, Section 16.356 indicates a political subdivision that receives financial assistance from the economically distressed areas program under Subchapter K, Chapter 17, may not use any revenue received from fees collected from water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes. The City of Alamo, Texas did not use any revenue received from fees collected from a water supply or sewer service constructed in whole or in part from funds from the economically distressed areas program account for purposes other than utility purposes.

Litigation

The City is involved in litigation claims against it from time to time that are generally incidental to its operations. However, it is the opinion of the City's management that the City's liability in those cases that are not covered by liability insurance will not be material to the financial statements for these contingent liabilities. As of September 30, 2025, the City was a defendant in various lawsuits as to which the ultimate resolution and possibility of any unfavorable outcome is not yet determinable. At the present time, the City does not anticipate any material losses as a result of these lawsuits.

Note 7 – Net Investment in Capital Assets

The City's breakdown of net investment in capital assets as of September 30, 2025, is shown by the following table:

Description	Governmental Activities	Business-Type Activities
Capital Assets, Net of Accumulated Depreciation	$ 37,774,280	$ 40,776,359
Less: Outstanding Debt related to Capital Assets	(20,824,808)	(13,980,625)
Plus: Deferred Charge for Refunding	96,730	-
Less: Unamortized Premium	(1,237,695)	-
Plus: Unamortized Discount	-	150,846
Total Net Investment in Capital Assets	$ 15,808,507	$ 26,946,580

Note 8 – Risk Management

The City of Alamo is exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, damage to and destruction of real and personal property; errors-and-omissions; catastrophes, and medical claims by employees; job-related illnesses and injuries and pollution claims for which the City carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The City is a member of an intergovernmental risk pool.

The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of $357,000,000 (as of September 30, 2025, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A- and above rated companies in amounts ranging from $10,000,000 to $275,000,000 depending on the type of insurance coverage. City management is not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

Note 9 – Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 26, 2026, and then determined there were no other events that would require disclosure.

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

City of Alamo
Schedules of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budgetary Basis)
For the Year Ended September 30, 2025

	Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Revenues:				
Property Taxes	$ 5,740,000	$ 5,740,000	$ 5,770,395	$ 30,395
General Sales and Use Tax	5,100,000	5,100,000	4,578,489	(521,511)
Franchise Tax	710,000	710,000	719,116	9,116
Other Tax	15,000	15,000	8,458	(6,542)
Penalty and Interest on Taxes	150,000	150,000	134,702	(15,298)
Licenses and Permits	305,000	305,000	277,419	(27,581)
Intergovernmental Revenue and Grants	425,000	2,626,000	2,214,198	(411,802)
Charges for Services	4,069,000	4,169,000	4,046,853	(122,147)
Fines	386,000	386,000	408,206	22,206
Investment Earnings	150,000	400,000	351,569	(48,431)
Other Revenue	92,000	92,000	207,473	115,473
Total Revenues	17,142,000	19,693,000	18,716,877	(976,123)
Expenditures:				
General Government	7,478,358	8,271,213	7,850,074	421,139
Public Safety	6,340,730	6,660,037	6,566,549	93,488
Highways and Streets	1,010,328	1,022,337	866,600	155,737
Culture and Recreation	1,869,453	2,138,807	2,080,934	57,873
Debt Service:				
Interest on Debt	275,181	517,510	401,714	115,796
Capital Outlay	222,950	3,048,347	2,944,121	104,225
Total Expenditures	17,197,000	21,658,251	20,709,992	948,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(55,000)	(1,965,251)	(1,993,115)	(27,864)
Other Financing Sources (Uses):				
Transfers In	395,000	895,000	1,142,437	247,437
Transfers (Out)	(340,000)	(340,550)	(340,549)	1
Gain or Loss on Disposal of Assets	-	-	5,127	5,127
Total Other Funding Sources (Uses)	55,000	554,450	807,016	252,566
Change in Fund Balance	-	(1,410,801)	(1,186,100)	224,701
Fund Balance - Beginning	9,320,277	9,320,277	9,320,277	-
Fund Balance - Ending	$ 9,320,277	$ 7,909,476	$ 8,134,177	$ 224,701

CITY OF ALAMO
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Plan Year Ended December 31,							
	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service cost	$ 898,456	$ 668,114	$ 617,511	$ 548,211	$ 518,533	$ 519,378	$ 484,744	$ 436,093
Interest (on the total pension liability)	1,117,011	967,373	894,067	831,658	787,423	732,247	714,270	673,375
Changes of benefit terms	1,231,642	-	-	-	-	-	-	-
Difference between expected and actual experience	(454,697)	14,688	109,972	(9,792)	(171,473)	(24,177)	(482,533)	(167,328)
Change of assumptions	-	(99,452)	-	-	-	71,592	-	-
Benefit payments, including refunds of employee contributions	(697,141)	(664,211)	(457,446)	(502,867)	(485,104)	(477,275)	(457,687)	(263,521)
Net Change in Total Pension Liability	2,095,271	886,512	1,164,104	867,210	649,379	821,765	258,794	678,619
Total Pension Liability - Beginning	15,216,019	14,329,507	13,165,403	12,298,193	11,648,814	10,827,049	10,568,255	9,889,636
Total Pension Liability - Ending (a)	$ 17,311,290	$ 15,216,019	$ 14,329,507	$ 13,165,403	$ 12,298,193	$ 11,648,814	$ 10,827,049	$ 10,568,255
Plan Fiduciary Net Position								
Contributions - employer	$ 449,594	$ 407,991	$ 380,479	$ 340,570	$ 361,446	$ 359,136	$ 349,681	$ 336,920
Contributions - employee	368,522	336,073	307,832	274,655	262,681	259,949	245,564	221,367
Net investment income	1,491,935	1,482,636	(989,990)	1,551,737	830,178	1,447,037	(284,902)	1,121,988
Benefit payments, including refunds of employee contributions	(697,141)	(664,211)	(457,446)	(502,867)	(485,104)	(477,275)	(457,687)	(263,521)
Administrative expense	(9,560)	(9,419)	(8,559)	(7,174)	(5,368)	(8,167)	(5,501)	(5,812)
Other	(224)	(66)	10,214	49	(208)	(245)	(287)	(295)
Net Change in Plan Fiduciary Net Position	1,603,126	1,553,004	(757,470)	1,656,970	963,625	1,580,435	(153,132)	1,410,647
Plan Fiduciary Net Position - Beginning	14,345,908	12,792,904	13,550,374	11,893,405	10,929,781	9,349,347	9,502,479	8,091,832
Plan Fiduciary Net Position - Ending (b)	$ 15,949,034	$ 14,345,908	$ 12,792,904	$ 13,550,375	$ 11,893,406	$ 10,929,782	$ 9,349,347	$ 9,502,479
Net Pension Liability - Ending (a) - (b)	$ 1,362,256	$ 870,112	$ 1,536,603	$ (384,972)	$ 404,787	$ 719,032	$ 1,477,702	$ 1,065,776
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.13%	94.28%	89.28%	102.92%	96.71%	93.83%	86.35%	89.92%
Covered Payroll	$ 7,370,435	$ 6,721,470	$ 6,156,642	$ 5,493,101	$ 5,253,626	$ 5,198,981	$ 4,911,287	$ 4,427,336
Net Pension Liability as a Percentage of Covered Payroll	18.48%	12.95%	24.96%	-7.01%	7.70%	13.83%	30.09%	24.07%

CITY OF ALAMO
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Plan Year Ended December 31,					
	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 449,549	$ 428,171	$ 425,877	$ 388,686	$ 340,570	$ 361,446
Contributions in relation to actuarially determined contribution	(449,549)	(428,171)	(425,877)	(388,686)	(340,570)	(361,446)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 7,370,435	$ 6,721,470	$ 6,655,611	$ 6,284,101	$ 5,493,101	$ 5,253,636
Contributions as a percentage of covered payroll	6.10%	6.37%	6.40%	6.19%	6.20%	6.88%

CITY OF ALAMO
NOTES TO THE SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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	21 Years (Longest Amortization Ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Other Information:	
Notes	Increase city matching ratio 1.5:1 to 2:1. Increased statutory max to 11.50% due to plan changes.

CITY OF ALAMO
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Plan Year Ended December 31,				
	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost	$ 16,215	$ 14,787	$ 32,015	$ 28,015	$ 21,540
Interest (on the total OPEB liability)	11,187	10,655	7,015	7,067	7,801
Difference between expected and actual experience	(7,803)	69	3,848	(14,680)	(6,252)
Change of assumptions	(16,227)	16,587	(144,377)	12,229	47,390
Benefit payments, including refunds of employee contributions	(9,582)	(8,738)	(7,388)	(6,042)	(2,101)
Net Change in Total OPEB Liability	(6,210)	33,360	(108,887)	26,589	68,378
Total OPEB Liability - Beginning	293,411	260,051	368,938	342,349	273,971
Total OPEB Liability - Ending	287,201	293,411	260,051	368,938	342,349
Covered Payroll	$ 7,370,435	$ 6,721,470	$ 6,156,642	$ 5,493,101	$ 5,253,626
Total OPEB Liability as a Percentage of Covered Payroll	3.90%	4.37%	4.22%	6.72%	6.52%

CITY OF ALAMO
NOTES TO SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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:

Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Discount Rate	4.08%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
Other Information:	There were no benefit changes during the year.

(This page intentionally left blank)

SUPPLEMENTARY INFORMATION

City of Alamo
Combining Balance Sheet - Nonmajor Governmental Funds
September 30, 2025

	Special Revenue Funds					
	Urban County Fund	TIRZ Fund	Hotel/Motel Fund	Asset Forfeiture Fund	State Forfeiture Fund	Park Improvement Fund
ASSETS:						
1010 Cash and Cash Equivalents	$ -	$ 902,551	$ 23,965	$ 97,051	$ 732	$ 91,875
1030 Investments - Current	-	-	539,826	-	-	-
1050 Taxes Receivable, Net	-	-	-	-	-	-
Receivables (net of allowance for uncollectible):						
1150 Accounts Receivable, Net	-	271,413	172,225	-	-	-
1260 Due from Other Governments	464,854	-	-	-	-	-
1300 Due from Other Funds	-	-	-	4,055	-	500
TOTAL ASSETS	464,854	1,173,964	736,016	101,106	732	92,375
LIABILITIES:						
2080 Due to Other Funds	-	-	-	100	281	-
2230 Unearned Revenues	464,854	-	-	5,181	-	-
TOTAL LIABILITIES	464,854	-	-	5,281	281	-
DEFERRED INFLOWS OF RESOURCES:						
2601 Deferred Property Taxes	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:						
Restricted for:						
3006 Debt Service	-	-	-	-	-	-
3007 Capital Projects	-	-	-	-	-	-
3009 Hotel/Motel Tax	-	-	736,016	-	-	-
3410 Parkland	-	-	-	-	-	92,375
3425 Economic Development	-	1,173,964	-	-	-	-
3490 Special Purposes	-	-	-	95,825	451	-
TOTAL FUND BALANCES	-	1,173,964	736,016	95,825	451	92,375
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 464,854	$ 1,173,964	$ 736,016	$ 101,106	$ 732	$ 92,375

The accompanying notes are an integral part of this statement.

	Debt Service Funds			
	Debt Service Fund	Interest and Series 2013 Fund	Alamo Economic Development Debt Reserve	Total Nonmajor Governmental Funds
ASSETS:				
1010 Cash and Cash Equivalents	$ 791,212	$ 126,154	$ 515,931	$ 2,549,472
1030 Investments - Current	1,285,048	-	-	1,824,873
1050 Taxes Receivable, Net	65,143	-	-	65,143
Receivables (net of allowance for uncollectible):				
1150 Accounts Receivable, Net	-	-	-	443,637
1260 Due from Other Governments	-	-	-	464,854
1300 Due from Other Funds	-	-	-	4,555
TOTAL ASSETS	2,141,403	126,154	515,931	5,352,535
LIABILITIES:				
2080 Due to Other Funds	-	-	-	381
2230 Unearned Revenues	-	-	-	470,035
TOTAL LIABILITIES	-	-	-	470,416
DEFERRED INFLOWS OF RESOURCES:				
2601 Deferred Property Taxes	65,143	-	-	65,143
TOTAL DEFERRED INFLOWS OF RESOURCES	65,143	-	-	65,143
FUND BALANCES:				
Restricted for:				
3006 Debt Service	2,076,260	126,154	-	2,202,414
3007 Capital Projects	-	-	-	-
3009 Hotel/Motel Tax	-	-	-	736,016
3410 Parkland	-	-	-	92,375
3425 Economic Development	-	-	515,931	1,689,895
3490 Special Purposes	-	-	-	96,276
TOTAL FUND BALANCES	2,076,260	126,154	515,931	4,816,976
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 2,141,403	$ 126,154	$ 515,931	$ 5,352,535

The accompanying notes are an integral part of this statement.

EXHIBIT H-2

City of Alamo
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Special Revenue Funds					
		Urban County Fund	**TIRZ Fund**	**Hotel/Motel Fund**	**Asset Forfeiture Fund**	**State Forfeiture Fund**	**Park Improvement Fund**
REVENUES:							
Taxes:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5180	Other Taxes	-	-	53,980	-	-	-
5190	Penalty and Interest on Taxes	-	-	-	-	-	-
5300	Intergovernmental Revenue and Grants	385,761	-	-	-	-	-
Fees and Charges:							
5400	Charges for Services	-	-	-	-	-	67,300
5610	Investment Earnings	-	25,930	24,413	4,372	485	3,802
5700	Other Revenue	-	-	-	125,438	6,442	500
	TOTAL REVENUES	385,761	25,930	78,393	129,810	6,927	71,602
EXPENDITURES:							
Current:							
100	General Government	-	-	64,354	207,042	29,046	-
500	Culture and Recreation	-	-	-	-	-	2,630
600	Economic Development	-	57,428	-	-	-	-
Debt Service:							
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	385,761	200,960	-	-	-	81,135
	TOTAL EXPENDITURES	385,761	258,388	64,354	207,042	29,046	83,765
Excess(Deficiency) of Revenues Over(Under)							
	Expenditures	-	(232,459)	14,040	(77,233)	(22,119)	(12,164)
OTHER FINANCING SOURCES (USES):							
7915	Transfers In	-	340,549	-	-	-	-
	TOTAL OTHER FINANCING SOURCES (USES)	-	340,549	-	-	-	-
	Net Change in Fund Balances	-	108,091	14,040	(77,233)	(22,119)	(12,164)
3600	Fund Balance - Beginning	-	1,065,873	721,976	173,058	22,570	104,539
3900	Fund Balance - Ending	$ -	$ 1,173,964	$ 736,016	$ 95,825	$ 451	$ 92,375

The accompanying notes are an integral part of this statement.

EXHIBIT H-2
(Continued)

	Debt Service Funds			
	Debt Service Fund	**Interest and Series 2013 Fund**	**Alamo Economic Development Debt Reserve**	**Total**
REVENUES:				
Taxes:				
5110 Property Taxes	$ 620,645	$ -	$ -	$ 620,645
5180 Other Taxes	-	-	-	53,980
5190 Penalty and Interest on Taxes	4,668	-	-	4,668
5300 Intergovernmental Revenue and Grants	-	-	-	385,761
Fees and Charges:				
5400 Charges for Services	-	-	-	67,300
5610 Investment Earnings	82,812	4,092	1,557	147,461
5700 Other Revenue	-	-	-	132,380
TOTAL REVENUES	708,125	4,092	1,557	1,412,196
EXPENDITURES:				
Current:				
100 General Government	800	-	10	301,251
500 Culture and Recreation	-	-	-	2,630
600 Economic Development	-	-	-	57,428
Debt Service:				
710 Principal on Debt	1,190,000	-	-	1,190,000
720 Interest on Debt	494,498	-	-	494,498
800 Capital Outlay	-	-	-	667,857
TOTAL EXPENDITURES	1,685,298	-	10	2,713,665
Excess(Deficiency) of Revenues Over(Under) Expenditures	(977,173)	4,092	1,547	(1,301,469)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	940,982	-	514,384	1,795,915
TOTAL OTHER FINANCING SOURCES (USES)	940,982	-	514,384	1,795,915
Net Change in Fund Balances	(36,191)	4,092	515,931	494,447
3600 Fund Balance - Beginning	2,112,451	122,063	-	4,322,529
3900 Fund Balance - Ending	$ 2,076,260	$ 126,154	$ 515,931	$ 4,816,976

The accompanying notes are an integral part of this statement.

CITY OF ALAMO
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2025

Last 10 Years Ended September 30,		Tax Rates		Assessed/Appraised
		Maintenance	Debt Service	Value for Tax Purposes
2016		0.48360	0.10450	546,953,409
2017		0.47980	0.10120	569,133,760
2018		0.46270	0.09380	611,441,742
2019		0.49240	0.08930	663,263,626
2020		0.49900	0.08270	634,860,998
2021		0.50140	0.08030	813,904,546
2022		0.51020	0.07150	940,985,085
2023		0.52260	0.05910	1,077,465,269
2024		0.51910	0.06100	1,150,326,185
2025	(Fiscal year under audit)	0.54390	0.05830	1,144,681,465

CITY OF ALAMO
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED SEPTEMBER 30, 2025

Beginning Balance October 1, 2024	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance September 30, 2025
$ 136,294	$ -	$ 2,090	$ 473	$ (1,039)	$ 132,692
15,939	-	280	59	(44)	15,557
18,594	-	436	88	(57)	18,012
20,484	-	723	131	(60)	19,570
21,768	-	1,142	189	(165)	20,272
34,440	-	2,101	336	(5,037)	26,967
48,627	-	6,744	945	(985)	39,953
95,654	-	25,919	2,931	(1,428)	65,376
270,605	-	115,950	13,625	(5,946)	135,084
-	6,426,060	5,615,009	601,866	64,979	274,164
$ 662,406	$ 6,426,060	$ 5,770,395	$ 620,645	$ 50,218	$ 747,644

(This page intentionally left blank)

STATISTICAL SECTION

City of Alamo
Schedule of Revenues and Expenses to Indicate
Net Revenue Available for Debt Service -
Proprietary Funds
For the Year Ended September 30, 2025

	Business-Type Activities Enterprise Funds Water and Sewer
Operating Revenues	
Charges for Services	$ 5,996,926
Total Operating Revenues	5,996,926
Operating Expenses	
Payments to Employees	1,580,456
Payments to Suppliers and Others	3,230,857
Total Operating Expenses	4,811,313
Income Before Non-Operating Revenues (Expenses)	
Interest Revenue	173,026
Net Non-Operating Revenues (Expenses)	173,026
Net Revenue Available for Debt Service	$ 1,358,640

City of Alamo
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
Year Ended September 30,

Governmental Funds Capital Assets	2025	2024
Land and Right of Way	$ 8,145,411	$ 2,177,334
Construction in Progress	1,645,347	1,895,097
Building and Improvements	14,352,716	13,413,065
Vehicles	6,149,391	6,056,991
Machinery and Equipment	5,488,077	4,711,635
Infrastructure	21,447,433	18,739,221
Total Governmental Funds Capital Assets	$ 57,228,376	$ 46,993,343

Investments in Governmental Funds Capital Assets		
Capital Projects	$ 36,981,776	$ 29,371,846
Grants-in-aid	3,181,496	3,500,517
General Fund Revenues	17,065,104	14,120,980
Total Investment in Governmental Funds Capital Assets	$ 57,228,376	$ 46,993,343

City of Alamo
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended September 30, 2025

Function and Activity	Capital Assets September 30, 2024	Additions	Capital Assets September 30, 2025
General Government	9,324,478	5,396,625	14,721,102
Public Safety	10,844,308	2,309,877	13,154,185
Highways and Streets	17,438,076	2,909,632	20,347,708
Economic Development	1,614,414	(29,735)	1,584,679
Culture and Recreation	7,772,067	(351,365)	7,420,702
Total Governmental Funds Capital Assets	$ 46,993,343	$ 10,235,033	$ 57,228,376

City of Alamo
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
Year Ended September 30, 2025

Function and Activity	Land and Right of Way	Construction in Progress	Building and Improvements	Vehicles	Machinery and Equipment	Infrastructure	Total
General Government	$ 8,145,411	$ -	$ 3,556,593	$ 303,156	$ 605,727	$ 2,110,215	$ 14,721,102
Public Safety	-	1,645,347	2,094,068	5,081,104	3,255,037	1,078,629	13,154,185
Highways and Streets	-	-	89,789	524,455	608,348	19,125,116	20,347,708
Economic Development	-	-	1,512,577	72,102	-	-	1,584,679
Culture and Recreation	-	-	6,160,038	76,174	242,523	941,967	7,420,702
Total Governmental Capital Assets	$ 8,145,411	$ 1,645,347	$ 13,413,065	$ 6,056,991	$ 4,711,635	$ 23,255,927	$ 57,228,376

CITY OF ALAMO, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022
Governmental Activities							
Net Investment in capital assets	$ 12,385,226	$ 14,002,698	$ 15,068,507	$ 15,040,876	$ 11,585,401	$ 13,706,207	$ 14,832,643
Restricted	4,272,958	4,579,468	3,636,579	3,903,882	4,705,415	4,785,397	7,250,254
Unrestricted	3,429,583	3,429,583	4,051,289	4,596,280	6,267,790	7,497,367	7,473,974
Total Governmental Activities Net Position	$ 20,087,767	$ 22,011,749	$ 22,756,375	$ 23,541,038	$ 22,558,606	$ 25,988,971	$ 29,556,871
Business-Type Activities							
Net Investment in capital assets	$ 22,101,236	$ 21,141,916	$ 21,813,377	$ 12,078,980	$ 15,973,236	$ 20,109,560	$ 24,745,156
Restricted	-	-	-	10,223,794	10,377,226	7,786,113	2,647,753
Unrestricted	3,013,417	4,106,337	3,318,192	3,447,650	3,441,597	3,544,282	4,660,681
Total Business-Type Activities Net Position	$ 25,114,653	$ 25,248,253	$ 25,131,569	$ 25,750,424	$ 29,792,059	$ 31,439,955	$ 32,053,590
Primary Government							
Net Investment in capital assets	$ 34,486,462	$ 35,144,614	$ 36,881,884	$ 27,119,856	$ 27,558,637	$ 33,815,767	$ 39,577,799
Restricted	4,272,958	4,579,468	3,636,579	14,127,676	15,082,641	12,571,510	9,898,007
Unrestricted	6,443,000	7,535,920	7,369,481	8,043,930	9,709,387	11,041,649	12,134,655
Total Primary Government Net Position	$ 45,202,420	$ 47,260,002	$ 47,887,944	$ 49,291,462	$ 52,350,665	$ 57,428,926	$ 61,610,461

CITY OF ALAMO, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities										
General Government	$ 5,174,598	$ 4,054,005	$ 4,331,411	$ 4,312,743	$ 5,013,140	$ 4,479,733	$ 5,475,625	$ 6,656,386	$ 7,727,311	$ 9,557,665
Public Safety	3,850,703	3,815,052	4,150,946	4,922,694	4,688,501	4,721,020	5,101,058	5,802,935	5,900,346	7,235,852
Highways and streets	742,394	1,107,940	592,114	1,195,126	787,351	988,402	1,199,912	923,439	1,050,033	954,929
Health and welfare	317,566	298,817	230,586	241,880	204,994	280,531	194,915	-	-	-
Culture and recreation	840,164	930,782	1,109,758	1,223,173	1,051,002	976,155	1,409,463	1,558,783	1,897,261	2,295,934
Interest on long-term debt	363,387	312,456	286,645	259,746	346,482	319,904	323,656	503,624	858,891	189,799
Economic Development	396,258	416,229	256,933	255,005	530,593	391,189	194,462	63,433	159,751	1,281,931
Total Governmental Activities Net Position	$ 11,685,070	$ 10,935,281	$ 10,958,393	$ 12,410,367	$ 12,622,063	$ 12,156,934	$ 13,899,091	$ 15,508,600	$ 17,593,593	$ 21,516,109
Business-Type Activities										
Water and Sewer	3,194,302	3,469,082	3,757,600	3,736,770	3,816,836	3,397,050	4,252,063	4,381,643	5,547,616	6,284,410
Total Business-Type Activities Net Position	3,194,302	3,469,082	3,757,600	3,736,770	3,816,836	3,397,050	4,252,063	4,381,643	5,547,616	6,284,410
Total Primary Government Expenses	$ 14,879,372	$ 14,404,363	$ 14,715,993	$ 16,147,137	$ 16,438,899	$ 15,553,984	$ 18,151,154	$ 19,890,243	$ 23,141,209	$ 27,800,519
Program Revenue										
Governmental Activities										
Charges for services	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
General Government	192,336	216,257	239,556	309,529	365,802	406,035	422,966	1,477,682	1,752,626	4,114,153
Public Safety	802,605	623,525	454,237	543,819	376,549	374,298	419,321	1,247,821	1,156,800	-
Highways and streets	1,887,112	1,925,177	2,023,837	2,137,028	2,301,763	2,455,388	2,679,681	197,024	205,866	-
Health and welfare	14,966	14,732	16,205	22,931	17,319	18,154	-	-	-	-
Culture and recreation	89,162	139,442	127,697	127,617	60,252	122,922	33,498	361,211	408,748	-
Operating grants and contributions	314,057	1,239,115	463,046	678,895	2,781,730	1,091,078	1,284,549	1,953,755	2,625,321	3,181,496
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Primary Governmental Activities	$ 3,300,238	$ 4,158,248	$ 3,324,578	$ 3,819,819	$ 5,903,415	$ 4,467,875	$ 4,840,015	$ 5,237,493	$ 6,149,360	$ 7,295,649
Business-Type Activities										
Charges for services	3,759,170	4,053,730	4,147,141	4,323,860	4,755,119	5,045,557	5,564,053	5,653,068	6,132,812	6,169,952
Operating grants and contributions	-	-	-	-	-	-	196,482	-	-	-
Capital grants and contributions	-	-	-	-	-	994,347	-	-	-	-
Total Business-Type Activities Program Revenues	3,759,170	4,053,730	4,147,141	4,323,860	4,755,119	6,039,904	5,760,535	5,653,068	6,132,812	6,169,952
Total Primary Government Program Expenses	$ 7,059,408	$ 8,211,978	$ 7,471,719	$ 8,143,679	$ 10,658,534	$ 10,507,779	$ 10,600,550	$ 10,890,561	$ 12,282,172	$ 13,465,601
Net (expense)/revenue										
Governmental Activities	$ (8,384,832)	$ (6,777,033)	$ (7,633,815)	$ (8,590,548)	$ (6,718,648)	$ (7,689,059)	$ (9,059,076)	$ (10,271,107)	$ (11,444,233)	$ (14,220,460)
Business-Type Actviities	564,868	584,648	389,541	587,090	938,283	2,642,854	1,508,472	1,271,425	585,196	(114,458)
Total Primary Government Net Expense	$ (7,819,964)	$ (6,192,385)	$ (7,244,274)	$ (8,003,458)	$ (5,780,365)	$ (5,046,205)	$ (7,550,604)	$ (8,999,682)	$ (10,859,037)	$ (14,334,918)

CITY OF ALAMO, TEXAS
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenue and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property taxes	$ 3,281,010	$ 3,355,089	$ 3,463,220	$ 3,736,410	$ 3,870,480	$ 4,216,795	$ 4,382,309	$ 5,103,714	$ 5,909,518	$ 6,491,039
Sales taxes	3,457,159	3,435,440	3,599,081	3,830,735	4,246,105	4,922,804	5,569,320	6,251,795	6,064,413	6,104,652
Franchise taxes	526,425	537,167	557,694	575,790	572,112	598,554	633,832	722,523	695,691	719,116
Hotel/motel taxes	120,183	96,008	90,228	107,966	41,048	94,454	79,222	58,468	68,398	62,439
Invetment earning	40,722	65,424	128,358	172,097	64,796	12,778	86,013	798,078	1,002,724	951,295
Miscellaneous	111,836	207,947	159,342	230,297	265,213	258,360	668,864	1,334,323	2,013,746	1,207,923
Grants and contribution not restricted	-	-	-	13,118	26,225	19,309	-	-	-	-
Transfers	549,300	549,300	549,300	350,923	(2,990,674)	996,658	994,031	991,186	(126,492)	649,461
Total Governmental Activities	8,086,635	8,246,375	8,547,223	9,017,336	6,095,305	11,119,712	12,413,591	15,260,087	15,627,997	16,185,925
Business-Type Activities										
Invetment earning	5,554	16,711	47,537	218,129	82,352	1,699	99,193	195,197	-	-
Miscellaneous	-	1,650	-	-	-	-	-	-	-	-
Transfers	(549,300)	(549,300)	(549,300)	(350,923)	2,990,674	(996,658)	(994,031)	(991,186)	126,492	(649,461)
Total Business-Type Activities	(543,746)	(530,939)	(501,763)	(132,794)	3,073,026	(994,959)	(894,838)	(795,989)	126,492	(649,461)
Total Primary Government	7,542,889	7,715,436	8,045,460	8,884,542	9,168,331	10,124,753	11,518,753	14,464,098	15,754,489	15,536,464
Change in Net Position										
Governmental Activities	1,309,602	612,560	(43,325)	2,298,688	(1,593,754)	2,060,636	2,142,484	3,815,854	4,183,765	1,965,465
Business-Type Actviities	40,902	(141,398)	85,327	805,489	5,715,880	513,513	376,587	(210,793)	126,492	(763,919)
Total Primary Government	$ 1,350,504	$ 471,162	$ 42,002	$ 3,104,177	$ 4,122,126	$ 2,574,149	$ 2,519,071	$ 3,605,061	$ 4,310,257	$ 1,201,546

CITY OF ALAMO, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Unassigned	$ 4,657,972	$ 4,437,711	$ 4,116,015	$ 3,769,911	$ 5,983,318	$ 7,589,283	$ 8,535,154	$ 9,597,426	$ 9,320,277	$ 8,134,177
Total General Fund	4,657,972	4,437,711	4,116,015	3,769,911	5,983,318	7,589,283	8,535,154	9,597,426	9,320,277	8,134,177
All Other Governmental Funds										
Restricted	4,951,466	4,579,468	4,800,121	5,314,824	5,881,452	6,507,745	7,513,059	9,107,266	9,840,441	16,810,584
Assigned	-	-	-	-	-	-	-	-	-	-
Unassgned	-	-	-	-	-	-	-	212,213	-	346,677
Total All Other Governmental Funds	$ 4,951,466	$ 4,579,468	$ 4,800,121	$ 5,314,824	$ 5,881,452	$ 6,507,745	$ 7,513,059	$ 9,319,479	$ 9,840,441	$ 17,157,261

Note: The City implemented GASB Statement No. 54 for the fiscal year ended September 2011. The new classifications have not been restated for 2010 and prior.

CITY OF ALAMO, TEXAS
CHANGES IN FUND BALANCE
Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	$ 7,390,754	$ 7,458,819	$ 7,726,500	$ 8,254,240	$ 8,738,472	$ 9,858,716	$ 10,792,493	$ 12,040,970	$ 12,739,824	$ 12,495,692
Fines	614,993	475,042	342,999	351,858	301,196	284,678	237,377	91,108	318,699	408,206
Licenses and permits	128,594	141,026	140,526	186,686	241,485	259,003	279,346	246,498	270,740	277,419
Charges for services	2,180,401	2,227,264	2,366,152	2,591,430	2,554,180	2,730,929	3,032,394	3,283,738	3,524,039	4,114,153
Local events and contributions	48,693	69,225	52,143	54,701	21,360	64,981	1,284,549	1,953,755	2,625,320	3,181,496
Oher revenues	111,936	234,339	179,892	241,247	299,713	355,560	542,045	696,707	1,160,060	275,223
Other	265,368	1,169,890	410,903	637,312	2,773,556	1,045,406	109,907	300,011	65,570	64,630
Interest revenue	40,722	65,424	128,358	172,097	64,796	12,778	86,013	798,077	1,002,724	1,872,219
Total Revenues	10,781,461	11,841,029	11,347,473	12,489,571	14,994,758	14,612,051	16,364,124	19,410,864	21,706,976	22,689,038
Expenditures										
General Government	4,778,793	4,598,997	3,978,732	4,101,351	4,421,433	4,210,709	5,512,202	6,418,054	6,712,872	8,673,599
Public Safety	3,422,325	4,635,048	3,932,040	4,444,046	4,321,012	4,435,165	4,976,495	5,451,814	5,115,253	6,566,549
Highways and streets	666,445	633,853	641,120	1,103,248	722,400	939,670	835,321	867,564	910,317	866,600
Health and welfare	251,847	245,589	255,443	229,049	176,313	241,501	-	-	-	-
Culture and recreation	750,957	846,669	1,027,353	1,107,501	963,979	941,350	1,361,960	1,464,465	1,644,814	2,083,564
Economic Development	343,008	379,598	247,522	42,956	499,460	186,050	194,462	59,595	138,495	172,243
Capital Outlay	1,550,006	943,793	507,877	419,610	366,727	589,743	1,033,935	3,354,030	4,833,589	10,235,033
Debt Principal	976,959	1,289,056	1,068,172	1,087,438	1,495,429	1,470,774	6,176,934	1,137,739	1,198,989	1,216,325
Debt Interest	352,952	341,024	317,847	291,701	370,899	355,846	283,441	388,216	884,110	900,735
Bond Issuance cost	-	-	-	-	153,513	-	-	66,881	-	-
Total Expenditures	13,093,292	13,913,627	11,976,106	12,826,900	13,491,165	13,370,808	20,374,750	19,208,358	21,438,439	30,714,648
Excess of Revenues Over (Under) Expenditures	(2,311,831)	(2,072,598)	(628,633)	(337,329)	1,503,593	1,241,243	(4,010,626)	202,506	268,536	(8,025,610)
Other Financing Sources (Uses)										
Transfers In	1,302,012	1,135,164	1,147,231	1,158,342	1,712,016	1,609,879	1,531,939	3,600,908	2,437,957	8,906,430
Transfer Out	(752,712)	(585,863)	(597,931)	(807,419)	(4,702,690)	(613,221)	(537,908)	(2,609,722)	(2,564,450)	(8,256,969)
Proceeds from refunding bonds	-	-	-	-	5,590,000	-	-	-		-
Proceeds from General obligation Bonds	-	-	-	-	-	-	4,495,000	1,675,000		-
Payment to Bond Escrow Agent	-	-	-	-	(1,710,762)	-	-	-		-
Premium on Refunding Bonds	-	-	-	-	375,275	-	426,188	-		510,969
Proceeds on sale of assets	-	16,110	-	-	13,069	-	320,676	-		-
Other Resources	-	-	-	-	-	-	-	-	101,769	(409,694)
Issuance of Debt	-	-	-	-	-	-	-	-	-	13,430,000
Loan proceeds	-	896,614	-	155,000	-	-	-	-		-
Total Other Financing Sources (Uses)	549,300	1,462,025	549,300	505,923	1,276,908	996,658	6,235,895	2,666,186	(24,724)	14,180,736
Net Change in Fund Balances	$ (1,762,531)	$ (610,573)	$ (79,333)	$ 168,594	$ 2,780,501	$ 2,237,901	$ 2,225,269	$ 2,868,692	$ 243,812	$ 6,155,126
Debt service as a percentage of noncaptial expenditures	11.52%	12.57%	12.09%	11.12%	14.22%	14.29%	33.40%	9.62%	12.55%	10.34%

CITY OF ALAMO, TEXAS
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Mixed Beverage Tax	Occupancy Tax	Total
2016	$ 3,281,010	$ 3,457,159	$ 526,425	$ 1,204	$ 118,979	$ 7,384,777
2017	3,355,089	3,435,440	537,167	137	95,870	7,423,703
2018	3,479,497	3,599,081	557,694	2,883	90,228	7,729,383
2019	3,739,749	3,830,735	575,790	2,590	105,376	8,254,240
2020	3,879,207	4,246,105	572,112	1,657	39,391	8,738,472
2021	4,242,904	4,922,804	572,112	14,672	94,454	9,846,946
2022	4,510,119	5,569,320	633,832	7,922	71,300	10,792,493
2023	5,008,184	6,251,795	722,523	13,537	44,931	12,040,970
2024	5,807,557	6,064,413	695,691	11,180	57,218	12,636,059
2025	$ 6,391,040	$ 6,104,652	$ 719,116	$ 8,458	$ 53,980	$ 13,277,246

City of Alamo, Texas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

	City of Alamo			Overlapping Rates			
Fiscal Year	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Hidalgo County Tax Rate	PSJA ISD School Disctrict Tax Rate	South Texas College Tax Rate	Total Direct and Overlapping Rates
2015	0.4836	0.1045	0.5881	0.5900	1.3992	0.1850	2.7623
2016	0.4798	0.1012	0.5810	0.5900	1.3992	0.1850	2.7552
2017	0.4627	0.0938	0.5565	0.5800	1.3892	0.1850	2.7107
2018	0.4924	0.0893	0.5817	0.5800	1.2725	0.1733	2.6075
2019	0.4990	0.0827	0.5817	0.5800	1.2725	0.1733	2.6075
2020	0.5014	0.0803	0.5817	0.5750	1.2167	0.1715	2.5449
2021	0.5102	0.0715	0.5817	0.5750	1.2167	0.1718	2.5452
2022	0.5226	0.0591	0.5817	0.5750	1.2167	0.1718	2.5452
2023	0.5191	0.0610	0.5801	0.5750	1.0160	0.1620	2.3331
2024	0.5439	0.0583	0.6022	0.5750	1.0160	0.1620	2.3552
2025	0.5468	0.0926	0.6394	0.5750	1.0160	0.1620	2.3924

Note: Overlapping rates are those of the City, County and School District that apply to property owners within the City of Alamo. Not all overlapping rates apply to all City of Alamo property owners (for example, the rates of Pharr San Juan Alamo Independent School Disctrict only apply to the City's property owners whose property is located within the geographic boundaries of the PSJA Independent School District).

City of Alamo, Texas
Principal TaxPayers
(Unaudited)

Tax Payer	2025 Tax Value	2025 Rank	2025 Pecentage of Total Taxable Value	2015 Tax Value	2015 Rank	2015 Pecentage of Total Taxable Value
Wal-Mart Real Estate Bus Trust	$ 15,844,840	1	1.24%	$ 11,221,113	1	1.56%
Kim-Taek & Nancy Vargas Trusts	14,943,845	2	1.17%	10,323,105	2	1.44%
AEP Texas Central Co.	13,672,530	3	1.07%	5,788,430	7	0.81%
Wilder Corporation of Delaware	10,256,725	4	0.80%	8,930,607	4	1.33%
H E Butt Grocery Company	7,625,144	5	0.60%	7,019,985	5	0.98%
Guardia Family	6,924,270	8	0.54%			0.00%
DCTN3 Texas Portfolio, LLC	5,857,786	10	0.46%	5,591,480	8	0.78%
MHC Alamo Palms, LLC				6,770,000	6	0.94%
PV Expressway Harlingen LLC	6,684,025	7	0.52%			
AMMO Development LLC	6,869,909	6	0.54%			
Sun Texas Pool LP				4,872,132	9	0.68%
Wal-Mart Stores Texas LLC	5,874,871	9	0.46%	9,152,943	3	1.27%
Alamo Bank of Texas				4,744,329	10	0.66%
Totals	$ 94,553,945		7.40%	$ 74,414,124		10.44%

Source: Hidalgo County Appraisal Distrcit

City of Alamo, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended September 30	Total Tax Levy* for Fiscal Year	Collection within the Fiscal Year of the Levy		Delinquent Collections in Subsequent Years	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	3,149,506	3,015,594	95.7%	134,692	3,150,286	100.0%
2017	3,241,761	3,108,020	95.9%	110,961	3,218,981	99.3%
2018	3,336,652	3,212,772	96.3%	121,136	3,333,908	99.9%
2019	3,622,302	3,501,799	96.7%	129,033	3,630,832	100.2%
2020	3,779,361	3,657,812	96.8%	47,582	3,705,394	98.0%
2021	4,052,227	3,950,368	97.5%	136,699	4,087,067	100.9%
2022	4,358,898	4,365,493	100.2%	134,642	4,500,135	103.2%
2023	5,103,714	4,891,422	95.8%	185,665	5,077,087	99.5%
2024	5,798,228	5,638,914	97.3%	270,605	5,909,519	101.9%
2025	6,491,039	6,217,117	95.8%	205,257	6,422,374	98.9%

CITY OF ALAMO, TEXAS
Water Sewer Revenues
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water	Sewer	Total
2017	2,206,676	1,702,839	3,909,515
2018	2,213,956	1,812,188	4,026,144
2019	2,219,282	1,957,528	4,176,810
2020	2,409,425	2,211,775	4,621,200
2021	2,501,195	2,393,030	4,894,225
2022	2,856,334	2,707,719	5,564,053
2023	2,885,294	2,767,774	5,653,068
2024	3,023,942	2,897,387	5,921,329
2025	3,023,942	2,897,387	5,921,329
2026	3,077,654	2,919,272	5,996,926

CITY OF ALAMO, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2025
(amounts expressed in thousands)

Governmental Unit	Date	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct:				
City of Alamo	9/30/2025	$ 13,630	100%	$ 13,630
Overlapping:				
Pharr, San Juan, Alamo ISD	9/30/2025	216,895	9.8%	21,277
Hidalgo County	9/30/2025	410,610	2.0%	8,171
Hidalgo County Irrigation District #1	9/30/2025	283,272	2.1%	5,835
South Texas College	9/30/2025	75,430	1.9%	1,403
South Texas ISD	9/30/2025	-	0.0%	-
Total Direct Debt				13,630
Total Net Overlapping Debt				36,687
Total Direct and Overlapping Debt				$ 50,317

Source: Municipal Advisory Council of Texas

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

CITY OF ALAMO, TEXAS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2016	11,190,000	996,263	10,193,737	2.08%	535
2017	10,345,000	1,120,983	9,224,017	1.78%	481
2018	9,475,000	1,248,222	8,226,778	1.50%	428
2019	8,590,000	1,383,700	7,206,300	1.27%	346
2020	11,270,000	1,456,767	9,813,233	1.37%	490
2021	10,040,000	1,575,730	8,464,270	1.04%	418
2022	8,680,000	1,750,147	6,929,853	0.95%	342
2023	9,275,000	1,895,353	7,379,647	1.04%	365
2024	8,135,000	2,112,451	6,022,549	0.59%	298
2025	20,375,000	2,076,260	18,298,740	0.59%	904

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. In addition, amounts listed under general obligation bonds do not include the portion of these bonds that are being serviced in proprietary funds.

(1) Please see the Scheudle of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

CITY OF ALAMO, TEXAS
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities			Business-Type Activities				
Fiscal Year	General Obligation Bonds	Notes Payable	Right-of-Use Leases	Revenue Bonds	Right-of-Use Leases	Total Primary Government	Percantage of Personal Income (1)	Per Capita
2016	11,190,000	677,564	336,788	5,114,000	8,017	17,326,369	5.69%	910
2017	10,345,000	653,254	812,657	5,831,000	313,457	17,955,368	5.93%	937
2018	9,475,000	628,700	638,794	5,494,000	189,946	16,426,440	5.64%	855
2019	8,590,000	603,901	616,156	15,442,000	62,886	25,314,943	7.86%	1,217
2020	11,270,000	578,854	405,526	11,265,000	38,136	23,557,516	6.88%	1,176
2021	10,040,000	553,556	190,050	10,983,000	4,483,235	26,249,841	8.13%	1,297
2022	8,680,000	528,005	64,855	10,690,000	4,214,012	24,176,872	7.26%	1,194
2023	9,275,000	502,198	32,924	10,425,000	4,021,407	24,256,529	7.05%	1,198
2024	8,135,000	476,133	-	10,150,000	3,816,644	22,577,777	6.35%	1,115
2025	20,375,000	449,808	-	9,870,000	4,110,625	34,805,433	6.35%	1,720

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Source: Texas Workforce Commission Tax Department.

CITY OF ALAMO, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

	Revenue Bonds					
				Debt Service		
Fiscal Year	Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2016	3,764,724	1,676,250	2,088,474	5,114,000	8,017	0.41
2017	4,070,441	2,090,305	1,980,136	5,831,000	313,457	0.32
2018	4,194,678	2,901,074	1,293,604	5,494,000	189,946	0.23
2019	4,541,989	2,487,291	2,054,698	15,442,000	62,886	0.13
2020	4,837,471	3,809,556	1,027,915	11,265,000	38,136	0.09
2021	5,045,589	3,182,282	1,863,307	10,983,000	218,629	0.17
2022	5,663,247	3,293,023	2,370,224	10,690,000	219,939	0.22
2023	5,663,247	3,293,032	2,370,224	10,425,000	204,441	0.22
2024	6,132,812	4,141,541	1,991,271	10,150,000	208,201	0.19
2025	6,169,952	4,811,312	1,358,640	9,870,000	203,671	0.13

City of Alamo, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population (1)	MSA Per Capita Personal Income (3)	Median Age (3)	Unemployment Rate (2)
2015	19,171	15,787	35.1	0.30%
2016	19,220	15,164	33.3	1.90%
2017	20,804	15,476	34.2	0.10%
2018	20,041	14,920	31.1	1.80%
2019	20,241	15,951	33.8	0.10%
2020	20,263	15,834	39.8	1.60%
2021	20,346	15,951	39.8	2.80%
2022	20,346	15,951	39.8	2.80%
2023	20,346	15,951	39.8	2.80%
2024	20,460	20,440	39.8	1.30%
2025	20,694	24,440	39.8	1.20%

(1) Estimated (Information was received from the US Census)

(2) Source: Texas Workforce Commission Tax Department

(3) Source: U.S. Census Bureau, American Community Survey 5-year Estimates

City of Alamo, Texas
Principal Employers
(Unaudited)

	2025	
Employees	**Employees**	**Rank**
PSJA Independent School District	3,500	1
Wal-Mart	438	2
H.E.B	305	3
City of Alamo	151	4
Rio Plex Distributors	60	5
McDonald's	40	6
South Texas Health Systems ER	35	7
Vangaurd Academy Mozart Elementary	34	8
Hess Air	30	9
Peter Piper Pizza	30	10
Totals	4,623	

Source: Alamo Economic Development Corporation

City of Alamo, Texas
Full-Time Equivalent City Government Employees by Function
Last Three Fiscal Years
(Unaudited)

		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
General Government				
01-510	Mayor and City Council	5	5	5
01-512	Planning and Comm. Develop	4	4	5
01-514	Municipal Court	2	2	2
01-522	City Manger	2	2	3
01-523	Purchasing	2	2	2
01-524	City Secretary	1	1	1
01-525	Human Resources	2	2	2
01-526	Finance	6	6	5
01-529	Information Technology	2	2	2
Public Safety				
01-513	Police	48	51	52
01-516	Fire	22	22	23
Highways and Streets				
01-518	Streets	16	16	16
Health & Welfare				
01-512	Code Enforcement	1	1	1
Culture & Recreation				
01-515	Library	6	8	8
01-517	Parks & Recreation	17	18	18
01-519	Museum	1	1	1
01-521	Swimming Pool	2.50	2.50	2.50
General Fund Total		140	146	149
Utility				
03-530	Water	11	12	12
03-531	Sewer	2	2	4
03-534	Water Plant	5	5	5
03-535	Sewer Plant	5	5	5
03-536	Billing	5.5	5	5
Water/Sewer Fund Total		29	29	31
Grand Total		168	175	180

Source: City of Alamo Finance Department

City of Alamo, Texas
Operating Indicators by Function
(Unaudited)

Function	2024	2025
Public Safety - Police		
Physical Arrests	2451	2649
Parking Violations	8	10
Traffic Violations	4035	4122
Public Safety - Fire		
Number of Calls Answered	1595	1801
Inspections	261	263
Highways and Streets		
Traffic Signs Repaired	20	5
Solid Waste Services		
Materials Recycled - Tons	2005	2010
Culture and Recreation		
Programs	9	9
Parks Maintained	7	7
Water		
New Connections	1320	1450
Water Main Breaks	190	210
Average Daily Consumption (millions of gallons)	2.105	2.155
Wastewater		
Average Daily Sewage Treatment (millions of gallons)	1.890	1.980

Source: Various City Departments
Note: Indicators are not available for the general government function

(This page intentionally left blank)

City of Alamo, Texas
Capital Assets Statistics by Function
(Unaudited)

Function	2025
Miles of Streets:	
Paved	210.50
Miles of Sewer:	
Storm	45.09
Sanitary	93.45
Storm Drainage Ditches	14.54
Building Permits:	
Permits Issued	912
Estimated Value	$ 263,100
Fire Protection:	
Number of Stations	2
Police Protection:	
Number of Stations	1
Recreation:	
Number of Parks	7
Number of Playgrounds	9
Number of Municipal Swimming Pools	1
Number of Splash Pads	2
Tennis Courts	4
Baseball Fields	7
Soccer Fields	1
Basketball Fields	4

Source: Various City Departments

(This page intentionally left blank)

INTERNAL CONTROL/
COMPLIANCE SECTION

ADRIAN WEBB, CPA

Certified Public Accountant
Edinburg, Texas

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the City Commission of
City of Alamo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the City of Alamo, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Alamo, Texas' basic financial statements and have issued our report thereon dated March 26, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Adrian Webb, CPA

ADRIAN WEBB, CPA
Certified Public Accountant
Edinburg, Texas
March 26, 2026

ADRIAN WEBB, CPA

Certified Public Accountant
Edinburg, Texas

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Adrian Webb, CPA

ADRIAN WEBB, CPA
Edinburg, Texas
March 26, 2026

I. Summary of the Auditor's Results:

Financial Section:

A. The type of report issued:	Unmodified opinion
B. Internal control over financial statements:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) identified which were not considered material weaknesses?	No
C. Noncompliance material to the financial statements noted.	No

Federal Awards Section:

D. The type of report issued:	Unmodified opinion
E. Internal control over Major Programs:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) identified which were not considered material weaknesses?	No
F. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No

G. Identification of major programs:

Federal Assistance Listing No.	*Name of Federal Program*
14.218	Community Development Block Grants/Entitlement Grants
14.228	Community Development Block Grants/State's Program
21.019	Coronavirus Relief Fund: American Recovery Plan Act (ARPA)

H. Dollar threshold to distinguish between type A and type B programs:	$1,000,000
I. Auditee qualifies as a low-risk auditee	No

II. Financial Statement Findings

None Identified

III. Findings Relating to Federal Awards and Questioned Costs

None Identified

CITY OF ALAMO, TEXAS
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Justice				
Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710	15JCOPS23GG04592UHPX	$ -	$ 173,647
Project Safe Neighborhoods	16.609	5140801	-	37,195
Edward Byrne Memorial Justice Assistance Grant Program	16.738	5143001	-	40,598
Total Direct Programs			-	251,441
TOTAL U.S. DEPARTMENT OF JUSTICE			-	251,441
U.S. Department of Homeland Security				
Passed through the Texas Homeland Security Office:				
Homeland Security Grant Program (HSGP)	97.067	3172309	-	54,993
Homeland Security Grant Program (HSGP)	97.067	3172310	-	60,142
Homeland Security Grant Program (HSGP)	97.067	5144401	-	18,065
Total Passed through Texas Homeland Security Office			-	133,200
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	133,200
U.S. Department of Housing and Urban Development:				
Passed through Urban County				
Community Development Block Grants/Entitlement Grants	14.218	B-13-UC-48-0501	-	385,791
Community Development Block Grants/State's Program	14.228	223276.00.000	-	79,071
Total Passed through Urban County			-	464,862
Passed through Texas General Land Office				
Community Development Block Grants/State's Program	14.228	23-152-013-E185	-	716,735
Total Passed through Texas General Land Office			-	716,735
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			-	1,181,597
U.S. Department of the Treasury:				
Direct Program:				
Coronavirus Relief Fund: American Recovery Plan Act (ARPA)	21.019	746000004	-	581,537
TOTAL U.S. DEPARTMENT OF TREASURY			-	581,537
Total Expenditures of Federal Awards			$ -	$ 2,147,775

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of City of Alamo, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in or used in the presentation of the basic financial statements.

Summary of Significant Accounting Policies:
Expenditures reported on the Schedule of Federal Awards are reported on the modified accrual basis of accounting. Grant Revenues are recognized as soon as all eligibility requirements imposed by the provider have been met. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

NOTE 2: INDIRECT COST RATE
The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2025, the City did not elect to use this rate.

NOTE 3: FEDERAL LOANS AND LOAN GUARANTEES
During the fiscal year ended September 30, 2025, the City had no outstanding federal loans payable or loan guarantees.

NOTE 4: SUB-RECIPIENTS
During the fiscal year ended September 30, 2025, the City did not have any sub-recipients.

NOTE 5: NONCASH AWARDS
During the fiscal year ended September 30, 2025, the City did not receive any non-cash assistance.

NOTE 6: FEDERALLY FUNDED INSURANCE
During the fiscal year ended September 30, 2025, the City had no outstanding federally funded insurance.