



CITY OF CHINA GROVE, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2019

CITY OF CHINA GROVE, TEXAS
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2019

CITY OFFICIALS

MAYOR

MARY ANN HAJEK

MAYOR PRO-TEM

LARRY KELLER, SR.

CITY COUNCIL

DENNIS PARMA

MARGIE HOLISKY

GAIL BEAVER

FRANK BENNETT

CITY ADMINISTRATOR

SUSAN CONAWAY

CITY ATTORNEY

JOHN A. MEAD

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Armstrong, Vaughan & Associates, P. C.

Deborah F. Fraser Phil S. Vaughan Nancy L. Vaughan

Certified Public Accountants

Kimberly J. Roach

INDEPENDENT AUDITOR'S REPORT

The Mayor and City Council
City of China Grove, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of China Grove, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of China Grove's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund as of September 30, 2019 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Required Supplementary Information

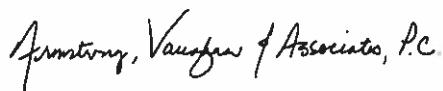
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information as referred to in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of China Grove's financial statements as a whole. The supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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



Armstrong, Vaughan & Associates, P.C.

February 19, 2020

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

The discussion and analysis of the City of China Grove's financial performance provides an overview of the City's financial activity for the year ended September 30, 2019. It should be read in conjunction with the financial statements.

Financial Highlights

- The City's overall net position was \$1.7 million at September 30, 2019, an increase of \$178 thousand from September 30, 2018.
- The City's total revenues were \$836 thousand, an increase of \$170 thousand. The City's increase in revenue was driven by an increase in traffic fines as well as the increase in tax rate. Additionally, the City received a \$49 thousand federal grant to upgrade the technology infrastructure in the police department.
- The City's expenses were \$658 thousand, an increase of \$118 thousand.

City Highlights

The City of China Grove was incorporated in May of 1960 under the Type B General Law form of government consisting of a Mayor and five aldermen (council members) voted at large, alternately, for a term of two years at an annual election. However, the council later voted (August, 1992) to change to a Type A General Law form of government.

Using this Annual Report

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Statements of Net Position and Activities provide information on the City as a whole with a focus on economic resources. The city's net position (the difference between assets and liabilities) are a way to measure financial health or financial position. The fund financial statements, present the City's operations with a focus on financial resources.

Statement of Net Position

Table 1 shows all of the assets and liabilities of the City and is presented on the accrual basis. The total net position is just over \$1.6 million.

Table 1
Statement of Net Position

	9/30/2019	9/30/2018
Current Assets	\$ 760,657	\$ 746,222
Capital Assets	974,383	798,214
Total Assets	1,735,040	1,544,436
Current Liabilities	40,710	28,463
Total Liabilities	40,710	28,463
Net Investment in Capital Assets	974,383	798,214
Restricted	20,196	13,742
Unrestricted	699,751	704,017
Total Net Position	\$ 1,694,330	\$ 1,515,973

Statement of Activities

Table 2 summarizes the expenses and revenues of the City and is also presented on the accrual basis. Charges for services primarily consist of municipal court fines, while tax revenues are made up of property, sales, franchise, and mixed beverage taxes.

Table 2
Changes in Net Position

	9/30/2019	9/30/18
Program Revenues:		
Charges for Services	\$ 283,568	\$ 219,968
Capital Grants and Contributions	49,142	-
General Revenues		
Tax Revenues	481,857	439,405
Other Revenues	21,803	6,996
Total Revenues	836,370	666,369
General Government	530,217	303,051
Municipal Court	4,269	142,392
Public Safety	85,577	15,024
Public Works	37,950	79,144
Total Expenses	658,013	539,611
Change in Net Position	\$ 178,357	\$ 126,758

Higher traffic fines by police officers lead to increased municipal court fine collections and related impound fees. The City contributes annually to the volunteer fire department.

Balance Sheet

The Balance sheet shows the financial assets, liabilities and fund balances for the City. Long-term assets and liabilities are not presented on this statement because the focus is on current financial resources.

Statement of Revenues, Expenditures and Changes in Fund Balance

This statement shows the revenues and expenditures for the City. The revenue from property tax, sales tax, mixed beverage tax and franchise tax make up 58% of the total revenues. Revenues increased due to an increase in municipal court activity. Expenditures of \$834 thousand included the additional street improvement projects. The City's fund balance increased \$2 thousand to \$714 thousand.

Capital Assets

The City has \$974 thousand in a variety of capital assets. The City Hall and City street projects comprise the majority of the balance. The notes to the financial statements provide more details.

Budgetary Analysis

The City has one fund – general. Revenues exceeded the budget by \$164 thousand and expenditures were under budget by \$26 thousand. Revenues were over budget mainly because of increases in impound fees and fines and forfeiture fee collections. Expenditures were under budget primarily due to police expenses and legal expenses being under budget.

Description of Current and Expected Conditions

The City's elected and appointed officials considered many factors when setting the fiscal year 2020 budget, tax rates, and fees that will be charged. The economic outlook for Bexar County remains stable. The City's budget levels remain similar to previous years, with continuous efforts to save for "big ticket" capital items to ensure not needing to fund their purchases out of a single year's revenue. For fiscal year 2019-2020, the City included \$200 thousand for street repairs in addition to \$25 thousand for street maintenance.

Financial Outlook

When planning a budget and setting a tax rate for properties in China Grove, the Council has been able to keep the tax rate at a relatively low rate compared to similar entities.

The Council and City Management do not expect any other significant changes to the operations of the City.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City's finances and to show the City's accountability to its taxpayers. If you have any questions about this report or need additional information, contact the City office at City of China Grove, 2412 FM 1516 S., China Grove, Texas 78263.

CITY OF CHINA GROVE
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2019

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF CHINA GROVE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 281,961
Certificates of Deposit	381,713
Accounts Receivable - Ad Valorem Taxes	6,111
Accounts Receivable - Other	90,872
Capital Assets:	
Land	18,084
Buildings & Improvements	286,378
Infrastructure	850,266
Furniture & Equipment	193,101
Accumulated Depreciation	<u>(373,446)</u>
TOTAL ASSETS	<u>1,735,040</u>
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	4,094
Payroll Liabilities	5,378
Due to Other Governments	<u>31,238</u>
<i>Total Current Liabilities</i>	<u>40,710</u>
TOTAL LIABILITIES	<u>40,710</u>
 NET POSITION	
Net Investment in Capital Assets	974,383
Restricted for Court Security	10,991
Restricted for Court Technology	9,205
Unrestricted	<u>699,751</u>
TOTAL NET POSITION	<u>\$ 1,694,330</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED September 30, 2019

FUNCTIONS AND PROGRAMS	Expenses	Program Revenues		Net Revenue (Expense)
		Charges for Services	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 530,217	\$ 7,969	\$ -	\$ (522,248)
Municipal Court	4,269	198,538	-	194,269
Public Safety	85,577	77,061	49,142	40,626
Public Works	37,950	-	-	(37,950)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 658,013</u>	<u>\$ 283,568</u>	<u>\$ 49,142</u>	<u>\$ (325,303)</u>
GENERAL REVENUES				
Taxes:				
Franchise				122,526
Sales Tax				178,864
Ad Valorem (Property)				177,974
Mixed Beverage				2,493
Interest Income				8,129
Miscellaneous				13,674
TOTAL GENERAL REVENUES				<u>503,660</u>
Change in Net Position				178,357
NET POSITION AT BEGINNING OF YEAR				<u>1,515,973</u>
NET POSITION AT END OF YEAR				<u>\$ 1,694,330</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 281,961
Certificates of Deposit	381,713
Accounts Receivable - Ad Valorem Taxes	6,111
Accounts Receivable - Other	<u>90,872</u>
TOTAL ASSETS	<u><u>\$ 760,657</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
<i>Liabilities:</i>	
Accounts Payable	\$ 4,094
Payroll Liabilities	5,378
Due to Other Governments	<u>31,238</u>
<i>Total Liabilities</i>	<u><u>40,710</u></u>
 <i>Deferred Inflow of Resources:</i>	
Unavailable Ad Valorem Tax	<u>6,111</u>
<i>Total Deferred Inflow of Resources</i>	<u><u>6,111</u></u>
 <i>Fund Balances:</i>	
Restricted for Court Security	10,991
Restricted for Court Technology	9,205
Unassigned	<u>693,640</u>
<i>Total Fund Balances</i>	<u><u>713,836</u></u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	 <u><u>\$ 760,657</u></u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
RECONCILIATION TO STATEMENT OF NET POSITION - GOVERNMENTAL FUND
SEPTEMBER 30, 2019

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS **\$ 713,836**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Property Taxes receivable are not available to pay for current expenditures and therefore, are deferred in the fund statements. 6,111

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund. 974,383

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,694,330**

CITY OF CHINA GROVE
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – GOVERNMENTAL FUND
 FOR THE YEAR ENDED September 30, 2019

	General Fund
REVENUES	
Franchise Fees	\$ 122,526
Sales Tax	178,864
Ad Valorem Tax	178,216
Mixed Beverage Tax	2,493
Fines and Forfeits	198,613
Impound Fees	77,061
Licenses and Permits	7,045
Interest	8,129
Police Department Grant	49,142
Miscellaneous	14,598
TOTAL REVENUES	836,687
 EXPENDITURES	
Current:	
Personnel Services and Related Expenditures	390,137
Operating Supplies and Expenditures	70,375
Emergency Services	85,527
Professional and Other Services	19,524
Street Maintenance	35,289
Capital Outlay	233,407
TOTAL EXPENDITURES	834,259
Net Change in Fund Balance	2,428
FUND BALANCE AT BEGINNING OF YEAR	711,408
FUND BALANCE AT END OF YEAR	\$ 713,836

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
RECONCILIATION TO STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED September 30, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 2,428
Amounts reported for governmental activities in the Statement of Activities are different because:	
The change in property taxes receivable reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the governmental fund	(240)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This figure represents the amount by which capital outlay exceeded depreciation.	176,214
Governmental funds report proceeds from the disposal of capital assets as revenue. However, on the statement of net position, these proceeds are reduced by the net book value of capital assets disposed. This amount represents the net book value of capital assets disposed.	<u>(45)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 178,357</u></u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of China Grove, Texas ("City") are presented in accordance with generally accepted accounting principles (GAAP) applicable to state and local governmental units as set forth by the Governmental Accounting Standards Board. A summary of the City's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. REPORTING ENTITY

The City of China Grove was established in May of 1960 and is a Type A-General Law form of Government which elects a mayor and five council members at large.

The City's annual financial report includes the accounts of all City operations. The financial statements of the City of China Grove have been prepared in accordance with generally accepted accounting principles. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles.

In evaluating how to define the government for financial purposes, management has considered all potential component units. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of Net Position and the statement of activities. Government-wide statements report, except for City fiduciary activity, information on all of the activities of the City. Governmental activities are supported mainly by tax revenues, municipal court revenues, and interest on short-term investments.

The statement of activities reflects the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds which meet the criteria as a **major governmental fund**. The general fund is the only major fund of the City and there were no non-major funds.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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. 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 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. For this purpose, the government 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 government reports the following major governmental fund:

The General Fund is the general operating fund of the City and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include sales and property taxes, franchise fees, charges for services and investment of idle funds. Primary expenditures are for general administration, public safety, public works and capital acquisition.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the City.

5. INVESTMENTS

State statutes authorize the City to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in the state that are (i) guaranteed or insured by Federal Deposit Insurance Corporation, or its successor; or (ii) secured by obligations that are described by (a) – (d); or (e).

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. INVESTMENTS (Continued)

Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The City has all its monies in interest bearing checking accounts, savings accounts, money market accounts, certificates of deposit, or investments in TexPool. Earnings from these investments are added to each account monthly or quarterly. The City's investments include certificates of deposit (carried at amortized cost) and local government investment pools. These pools are 2a7-like which means they are not registered with the Securities and Exchange Commission as an investment company, but nevertheless have a policy that they will, and do, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These pools are reported at a share price of \$1 which approximates their fair value.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2018 and are past due after January 31, 2019. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for the prior year's levy are shown net of an allowance for uncollectibles. Management has estimated that all past due property tax receivables are collectible, and, thus, the allowance is zero for September 30, 2019.

Accounts receivable from other sources includes franchise fees and amounts due from the state for sales tax collections. Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements.

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in a separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position and the balance sheet.

CITY OF CHINA GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (Continued)

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues not expected to be available for the current period are reflected as unavailable revenue (a deferred inflow of resources).

9. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Only assets greater than \$2 thousand are capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings and improvements	15 to 40 years
Furniture and equipment	5 to 10 years
Infrastructure	20 years

10. FUND EQUITY

Fund balances in governmental funds are classified as follows:

Nonspendable – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

Restricted – Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed – Represents amounts that can only be used for a specific purpose because of a formal action by the City Council. Committed amounts cannot be used for any other purpose unless the City Council removes those constraints through the same formal action.

Assigned – Represents amounts which the City intends to use for a specific purpose but do not meet the criteria of restricted or committed. The City Council is the only entity that may make assignments at this time.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. FUND EQUITY (Continued)

Unassigned – Represents the residual balance that may be spent on any other purpose of the City.

When an expenditure is incurred for a purpose in which multiple classifications are available, the City considers restricted balances spent first, committed second, assigned third, and unassigned fourth.

11. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses are incurred for which both restricted and unrestricted net position is available, the City reduces the restricted balance first.

12. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- CASH AND CASH EQUIVALENTS

The City considers all checking, money market and certificates of deposit with maturities of three months or less as cash and cash equivalents. The carrying amount of all the City's deposits, including certificates of deposits, were fully covered by FDIC insurance.

NOTE C – DEPOSITS AND INVESTMENTS

The City's investments at September 30, 2019 include \$151,143 on deposit in TexPool, 2a7-like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and are rated AAAM. The investment in TexPool is included in cash and cash equivalents.

Investment Rate Risk. The City manages exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE C – DEPOSITS AND INVESTMENTS (Continued)

Credit Risk. The City's investment policy limits restricts the types of investments it may purchase to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than A or its equivalent by a nationally recognized investment firm. U.S. Government Securities are not considered to have credit risk and do not require disclosure of credit quality.

The City may also invest funds in government investment pools provided the pool maintains a AAA rating. As of September 30, 2019, the investments in TexPool were rated AAAM by Standard & Poor's.

The City's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texpool operates in a manner consistent with Rule 2a7. Therefore, the investments are reported at \$1 per share, which approximates fair value.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2019, the government's deposits were fully collateralized or insured by FDIC. The City's certificates of deposit are fully insured through FDIC.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2019, the City was not exposed to custodial credit risk.

Investment Rate Risk. The City and component unit manage exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

NOTE D -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Bexar County Appraisal District. Assessed values are reduced by lawful exemptions to arrive at taxable values. The total taxable value as of January 1, 2019, upon which the fiscal 2019 levy was based was \$149,964 thousand (i.e., market value less exemptions). The estimated market value was \$178,123 thousand, making the taxable value 84.1% of the estimated market value.

CITY OF CHINA GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2019

NOTE D -- PROPERTY TAX CALENDAR (Continued)

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended December 31, 2019, was \$.12900 per \$100 of assessed value, which means that the City has a tax margin of \$2.371 for each \$100 of assessed value and could increase its annual levy by approximately \$3,556 thousand based upon the present assessed valuation before the limit is reached. However, the City may not adopt a tax rate that exceeds the tax rate calculated in accordance with the Texas Property Code without holding a public hearing. The Property Tax Code subjects an increase in the effective tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's effective tax rate.

NOTE E -- ACCOUNTS RECEIVABLE - OTHER

Accounts Receivable – Other as of September 30, 2019 consisted of the following balances owed to the City:

Mixed Drink Taxes	\$	1,238
Franchise Taxes		23,923
Sales Tax		14,111
Police Department Grants		51,600
		90,872
	\$	90,872

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE F -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019 was as follows:

<u>Governmental Activities</u>	<u>Balance 10/1/2018</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance 9/30/2019</u>
Land	\$ 18,084	\$ -	\$ -	\$ 18,084
Buildings and Improvements	286,378	-	-	286,378
Infrastructure	714,398	135,868	-	850,266
Furniture & Equipment	98,224	97,538	(2,661)	193,101
	<u>1,117,084</u>	<u>233,406</u>	<u>(2,661)</u>	<u>1,347,829</u>
 Less Accumulated Depreciation:				
Buildings and Improvements	(152,134)	(8,925)	-	(161,059)
Infrastructure	(72,540)	(41,381)	-	(113,921)
Furniture & Equipment	(94,195)	(6,887)	2,616	(98,466)
	<u>(318,869)</u>	<u>(57,193)</u>	<u>2,616</u>	<u>(373,446)</u>
 Governmental Capital Assets, Net	 <u>\$ 798,215</u>	 <u>\$ 176,213</u>	 <u>\$ (45)</u>	 <u>\$ 974,383</u>

Land and Construction in Progress are not depreciated.

Depreciation Expense was allocated to the following governmental functions

Operating Supplies and Expenditures	\$57,193
-------------------------------------	----------

NOTE G -- RISK MANAGEMENT

The City has identified possible risk of losses arising from events such as the following:

1. Torts.
2. Theft of, damage to, or destruction of assets.
3. Errors and omissions.
4. Job-related illnesses or injuries to employees.
5. Acts of God.

The City contracts with Texas Municipal League providers to provide insurance coverage for identified risks. TML is a multi-government group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the City is generally limited to the contributed amounts. Annual contributions for the year ended September 30, 2019, were \$11,962.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2019

NOTE H -- SUBSEQUENT EVENTS

On January 9, 2020, the City awarded a contract in the amount of \$235,125 to a vendor for the budgeted Street Project.

NOTE I -- COMMITMENTS AND CONTINGENCIES

Litigation

The City is not aware of any pending or threatened claims against the City.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund

CITY OF CHINA GROVE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise Fees	\$ 125,000	\$ 125,000	\$ 122,526	\$ (2,474)
Sales Tax	162,500	162,500	178,864	16,364
Ad Valorem Tax	179,500	179,500	178,216	(1,284)
Mixed Beverage Tax	5,000	5,000	2,493	(2,507)
Fines and Forfeits	167,175	167,175	198,613	31,438
License and Permit Income	7,850	7,000	7,045	45
Impound Fees	20,000	20,000	77,061	57,061
Interest Income	2,500	2,500	8,129	5,629
Police Department Grant	-	-	49,142	49,142
Miscellaneous Income	3,000	3,850	14,598	10,748
TOTAL REVENUES	672,525	672,525	836,687	164,162
EXPENDITURES				
<i>Personnel Services & Related Expenditures:</i>				
Salaries and Retirement	328,400	328,400	362,058	(33,658)
Payroll Taxes	25,712	25,712	28,079	(2,367)
<i>Total Personnel Services & Related Expenditures</i>	<i>354,112</i>	<i>354,112</i>	<i>390,137</i>	<i>(36,025)</i>
<i>Operating Supplies & Expenditures:</i>				
Police Department	45,600	45,600	25,527	20,073
Building Maintenance	10,000	10,000	8,633	1,367
Utilities	19,700	19,700	23,325	(3,625)
Office Supplies and Operations	18,000	18,000	19,396	(1,396)
Insurance and Bonds	16,000	16,000	11,723	4,277
Dues and Subscriptions	600	600	1,310	(710)
Municipal Court	6,800	6,800	4,394	2,406
Miscellaneous	9,200	9,200	1,595	7,605
<i>Total Operating Supplies & Expenditures</i>	<i>125,900</i>	<i>125,900</i>	<i>95,903</i>	<i>29,997</i>
<i>Professional and Other Services:</i>				
Legal	30,850	30,850	8,905	21,945
Accounting	6,700	6,700	6,510	190
Animal Control	2,400	2,400	4,109	(1,709)
<i>Total Professional and Other Services</i>	<i>\$ 39,950</i>	<i>\$ 39,950</i>	<i>\$ 19,524</i>	<i>\$ 20,426</i>

CITY OF CHINA GROVE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL
 GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (CONT.):				
<i>Emergency Services</i>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ -</u>
<i>Street Maintenance</i>	<u>144,132</u>	<u>144,132</u>	<u>35,289</u>	<u>108,843</u>
<i>Capital Outlay</i>	<u>135,868</u>	<u>135,868</u>	<u>233,407</u>	<u>(97,539)</u>
TOTAL EXPENDITURES	<u>860,662</u>	<u>860,662</u>	<u>834,260</u>	<u>25,702</u>
NET CHANGE IN FUND BALANCE	(188,137)	(188,137)	2,427	189,864
BEGINNING FUND BALANCE	<u>711,408</u>	<u>711,408</u>	<u>711,408</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 523,271</u>	<u>\$ 523,271</u>	<u>\$ 713,835</u>	<u>\$ 189,864</u>

CITY OF CHINA GROVE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Budgetary Information – Budgets are prepared for the general fund in accordance with the modified accrual basis of accounting. The City maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council and as such is a good management control device. The following fund has legally adopted an annual budget: General Fund.

Budgetary preparation and control is exercised at the fund level. Actual expenditures may not legally exceed appropriations at the fund level. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances lapse at year-end and do not constitute expenditures or liabilities because the commitments must be reappropriated and honored during the subsequent year.

SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Contents

Comparative Balance Sheet - General Fund

Comparative Schedule of Revenues, Expenditures, and Change in Fund Balance – General Fund

CITY OF CHINA GROVE
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2019 AND 2018

	9/30/2019	9/30/2018
ASSETS		
Cash and Cash Equivalents	\$ 281,961	\$ 374,335
Certificates of Deposit	381,713	302,193
Accounts Receivable - Ad Valorem Taxes	6,111	6,671
Accounts Receivable - Other	90,872	61,704
Prepaid Item		1,320
TOTAL ASSETS	\$ 760,657	\$ 746,223
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 4,094	\$ 1,783
Payroll Liabilities	5,378	-
Due to Other Governments	31,238	26,680
<i>Total Liabilities</i>	40,710	28,463
 <i>Deferred Inflow of Resources:</i>		
Unavailable Ad Valorem Tax	6,111	6,352
<i>Total Deferred Inflow of Resources</i>	6,111	6,352
 <i>Fund Balances:</i>		
Nonspendable for:		
Prepaid Expenses	-	1,320
Restricted for:		
Court Security	10,991	6,714
Court Technology	9,205	7,028
Unassigned	693,640	696,346
<i>Total Fund Balances</i>	713,836	711,408
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	 \$ 760,657	 \$ 746,223

CITY OF CHINA GROVE
 COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	9/30/2019	9/30/2018
REVENUES		
Franchise Fees	\$ 122,526	\$ 129,024
Sales Tax	178,864	172,435
Ad Valorem Tax	178,216	131,594
Mixed Beverage Tax	2,493	4,967
Fines and Forfeits	198,613	173,482
Impound Fees	77,061	33,794
Licenses and Permits	7,045	11,440
Interest	8,129	2,867
Police Department Grants	49,142	-
Miscellaneous	14,598	5,437
TOTAL REVENUES	836,687	665,040
 EXPENDITURES		
Current:		
Personnel Services and Related Expenditures	390,137	303,051
Operating Supplies and Expenditures	70,375	95,504
Emergency Services	85,527	65,000
Professional and Other Services	19,524	15,024
Street Maintenance	35,289	14,144
Capital Outlay <i>Truck / Road Rep / E Proc</i>	233,407	55,474
TOTAL EXPENDITURES	834,259	548,197
Net Change in Fund Balance	2,428	116,843
FUND BALANCE AT BEGINNING OF YEAR	711,408	594,565
FUND BALANCE AT END OF YEAR	\$ 713,836	\$ 711,408



STATISTICAL SECTION

The following unaudited Statistical Tables reflect social and economic data, financial trends and fiscal capacity of the City.

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

Contents

Financial Trends - Tables 1 through 5

These schedules contain trend information to help the reader understand how China Grove's financial performance and well-being have changed over time.

Revenue Capacity - Tables 6 through 9

These schedules contain information to help the reader assess one of China Grove's significant local revenue sources, property tax.

Demographic and Economic Information - Tables 10 and 11

These schedules offer demographic and economic indicators to help the reader understand the environment within which China Grove's financial activities take place.

CITY OF CHINA GROVE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010 *	2011 *	2012 *	2013 *
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 206,672	\$ 232,810	\$ 224,513	\$ 211,109
Restricted	4,684	8,683	9,182	11,866
Unrestricted	485,460	504,435	532,803	667,543
<i>Total Governmental Activities Net Assets</i>	<u>\$ 696,816</u>	<u>\$ 745,928</u>	<u>\$ 766,498</u>	<u>\$ 890,518</u>

* In 2014, the City changed their fiscal year end from April 30 to September 30. Years prior to 2014 are presented as of April 30.

TABLE 1

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 277,757	\$ 465,863	\$ 711,874	\$ 789,681	\$ 798,214	\$ 974,383
11,881	17,081	23,951	11,616	13,742	20,196
682,790	666,299	561,519	587,917	704,017	699,751
<u>\$ 972,428</u>	<u>\$ 1,149,243</u>	<u>\$ 1,297,344</u>	<u>\$ 1,389,214</u>	<u>\$ 1,515,973</u>	<u>\$ 1,694,330</u>

CITY OF CHINA GROVE
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental Activities				
General Government	\$ 193,612	\$ 209,587	\$ 214,817	\$ 164,897
Municipal Court	18,591	20,537	23,017	18,272
Public Safety	78,443	55,677	79,246	148,577
Public Works	36,919	29,873	26,785	27,882
Interest on Long Term Debt	-	-	-	529
Total Governmental Activities Expenses	<u>\$ 327,565</u>	<u>\$ 315,674</u>	<u>\$ 343,865</u>	<u>\$ 360,157</u>
Program Revenues				
Governmental Activities				
Charges for Services:				
General Government	\$ 3,483	\$ 3,861	\$ 6,109	\$ 5,167
Municipal Court	84,435	99,374	75,556	68,123
Public Safety	-	-	-	-
Total Governmental Activities Program Revenues	<u>\$ 87,918</u>	<u>\$ 103,235</u>	<u>\$ 81,665</u>	<u>\$ 73,290</u>
Net (Expense) Revenue				
Total Governmental Activities				
Program Revenues	<u>\$ (239,647)</u>	<u>\$ (212,439)</u>	<u>\$ (262,200)</u>	<u>\$ (286,867)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Franchise	\$ 89,966	\$ 90,613	\$ 91,591	\$ 88,066
Sales Tax	70,499	86,461	98,206	106,039
Ad Valorem (Property)	74,291	78,595	87,060	94,047
Mixed Beverage	3,110	1,960	1,356	1,188
Interest Income	3,284	1,894	2,362	2,130
Miscellaneous	1,370	2,028	2,195	119,417
Total Governmental Activities	<u>\$ 242,520</u>	<u>\$ 261,551</u>	<u>\$ 282,770</u>	<u>\$ 410,887</u>
Changes in Net Position				
Governmental Activities				
	<u>\$ 2,873</u>	<u>\$ 49,112</u>	<u>\$ 20,570</u>	<u>\$ 124,020</u>

* In 2014, the City changed their fiscal year end from April 30 to September 30. The City adopted a 17 month budget and considered it one budget cycle. Years prior to 2014 are presented as of April 30.

TABLE 2

Fiscal Year					
2014 *	2015	2016	2017	2018	2019
\$ 331,118	\$ 289,257	\$ 337,097	\$ 346,951	\$ 378,093	\$ 530,217
10,405	19,469	28,191	46,769	7,622	4,269
101,727	75,379	88,243	94,366	92,812	85,577
51,613	36,856	63,900	53,015	61,084	37,950
2,203	890	244	29	-	-
<u>\$ 497,066</u>	<u>\$ 421,851</u>	<u>\$ 517,675</u>	<u>\$ 541,130</u>	<u>\$ 539,611</u>	<u>\$ 658,013</u>
\$ 6,917	\$ 5,921	\$ 8,551	\$ 6,025	\$ 12,744	\$ 7,969
42,767	107,828	170,124	127,912	173,430	198,538
-	24,296	45,223	49,991	33,794	126,203
<u>\$ 49,684</u>	<u>\$ 138,045</u>	<u>\$ 223,898</u>	<u>\$ 183,928</u>	<u>\$ 219,968</u>	<u>\$ 332,710</u>
<u>\$ (447,382)</u>	<u>\$ (283,806)</u>	<u>\$ (293,777)</u>	<u>\$ (357,202)</u>	<u>\$ (319,643)</u>	<u>\$ (325,303)</u>
\$ 161,675	\$ 134,005	\$ 131,378	\$ 134,302	\$ 129,024	\$ 122,526
210,993	207,582	186,297	173,758	172,435	178,864
105,486	104,054	112,914	122,815	132,978	177,974
5,425	10,229	4,472	5,287	4,968	2,493
2,229	1,118	1,161	726	2,867	8,129
43,484	3,633	5,656	12,184	4,130	13,674
<u>\$ 529,292</u>	<u>\$ 460,621</u>	<u>\$ 441,878</u>	<u>\$ 449,072</u>	<u>\$ 446,402</u>	<u>\$ 503,660</u>

CITY OF CHINA GROVE
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2010 *	2011 *	2012 *	2013 *
Non-spendable Fund Balance:				
Prepaid Items	\$ 7,799	\$ 3,533	\$ 3,533	\$ 5,421
Restricted Fund Balance:				
Court Security	4,684	7,303	9,182	10,722
Court Technology	-	1,380	-	1,144
	<u>4,684</u>	<u>8,683</u>	<u>9,182</u>	<u>11,866</u>
Unassigned	<u>473,363</u>	<u>492,798</u>	<u>523,493</u>	<u>652,765</u>
Total General Fund	<u>\$ 485,846</u>	<u>\$ 505,014</u>	<u>\$ 536,208</u>	<u>\$ 670,052</u>

** In 2014, the City changed their fiscal year end from April 30 to September 30. Years prior to 2014 are presented as of April 30.*

TABLE 3

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ 1,320	\$ -
11,515	14,355	17,952	3,685	6,714	10,991
366	2,726	5,999	7,931	7,028	9,205
11,881	17,081	23,951	11,616	13,742	20,196
678,633	662,919	556,740	582,949	696,346	693,640
<u>\$ 690,514</u>	<u>\$ 680,000</u>	<u>\$ 580,691</u>	<u>\$ 594,565</u>	<u>\$ 711,408</u>	<u>\$ 713,836</u>

CITY OF CHINA GROVE
CHANGES IN FUND BALANCE
LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
REVENUES				
Taxes	\$ 237,100	\$ 253,824	\$ 280,540	\$ 285,760
Fines and Forfeits	84,435	99,374	75,556	68,123
Impound Fees	-	-	-	-
Licenses and Permits	3,050	3,258	5,400	5,320
Interest	3,284	1,894	2,362	2,130
Police Department Grant	-	-	-	-
Miscellaneous	1,804	2,631	2,769	120,205
TOTAL REVENUES	<u>329,673</u>	<u>360,981</u>	<u>366,627</u>	<u>481,538</u>
EXPENDITURES				
Current:				
Personnel Services and Related Expenditures	140,470	146,003	151,453	167,735
Operating Supplies and Expenditures	75,384	82,431	83,821	88,759
Professional and Other Services	15,368	21,617	28,431	15,252
Emergency Services	59,423	36,000	53,375	60,000
Street Maintenance	22,581	14,617	10,433	8,888
Capital Outlay	6,823	41,145	7,920	65,000
Debt Service:				
Principal	-	-	-	6,531
Interest	-	-	-	529
TOTAL EXPENDITURES	<u>320,049</u>	<u>341,813</u>	<u>335,433</u>	<u>412,694</u>
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	65,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Net Change in Fund Balance	<u>\$ 9,624</u>	<u>\$ 19,168</u>	<u>\$ 31,194</u>	<u>\$ 133,844</u>

** In 2014, the City changed their fiscal year end from April 30 to September 30. The City adopted a 17 month budget and considered it one budget cycle. Years prior to 2014 are presented as of April 30.*

TABLE 4

Fiscal Year					
2014*	2015	2016	2017	2018	2019
\$ 488,781	\$ 456,646	\$ 433,661	\$ 435,972	\$ 438,020	\$ 482,099
42,767	107,828	170,124	127,939	173,482	198,613
-	24,296	45,223	46,991	33,794	77,061
6,740	4,947	7,540	5,120	11,440	7,045
2,229	1,118	1,161	726	2,867	8,129
-	-	-	-	-	49,142
43,661	4,606	6,667	13,091	5,437	14,598
<u>584,178</u>	<u>599,441</u>	<u>664,376</u>	<u>629,839</u>	<u>665,040</u>	<u>836,687</u>
189,785	221,074	249,750	268,283	303,051	390,137
115,905	87,591	125,115	147,982	95,504	70,375
85,000	60,000	60,000	60,000	65,000	85,527
57,839	15,440	18,667	11,848	15,024	19,524
10,063	8,606	25,310	6,000	14,144	35,289
80,318	199,999	267,906	119,007	55,474	233,407
22,604	16,356	16,693	2,816	-	-
2,202	889	244	29	-	-
<u>563,716</u>	<u>609,955</u>	<u>763,685</u>	<u>615,965</u>	<u>548,197</u>	<u>834,259</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,462</u>	<u>\$ (10,514)</u>	<u>\$ (99,309)</u>	<u>\$ 13,874</u>	<u>\$ 116,843</u>	<u>\$ 2,428</u>

CITY OF CHINA GROVE
TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS

TABLE 5

Period Ending	Franchise	Sales & Use	Property	Mixed Beverage	Total
4/30/2010	\$ 89,966	\$ 70,499	\$ 73,525	\$ 3,110	\$ 237,100
4/30/2011	90,613	86,461	74,790	1,960	253,824
4/30/2012	91,591	98,206	89,387	1,356	280,540
4/30/2013	88,067	106,039	90,466	1,188	285,760
9/30/2014 *	161,675	210,993	110,687	5,426	488,781
9/30/2015	134,005	207,582	104,830	10,229	456,646
9/30/2016	131,378	186,297	111,515	4,471	433,661
9/30/2017	134,302	173,758	122,626	5,286	433,661
9/30/2018	129,024	172,435	131,594	4,967	438,020
9/30/2019	122,526	178,864	178,216	2,493	482,099

** In 2014, the City changed their fiscal year end from April 30 to September 30. The City adopted a 17 month budget and considered it one budget cycle.*

CITY OF CHINA GROVE
 ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

TABLE 6

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2010	73,163,011	52,787,658	10,628,246	115,322,423	0.064492
2011	70,448,217	51,431,438	10,114,087	111,765,568	0.071700
2012	69,845,294	47,336,083	10,213,471	106,967,906	0.081700
2013	69,289,780	48,774,121	10,257,384	107,806,517	0.087900
2014	70,407,879	56,259,785	10,710,676	115,956,988	0.089000
2015	75,076,512	60,178,908	12,690,532	122,564,888	0.085330
2016	85,605,661	73,939,864	25,479,272	134,066,253	0.086207
2017	92,190,177	80,061,226	25,793,643	146,457,760	0.084000
2018	94,590,100	94,385,556	26,849,161	162,126,495	0.083000
2019	98,315,771	79,807,306	28,159,239	149,963,838	0.120000

Source: Bexar Appraisal District
 Tax rates are per \$100 of assessed value.

CITY OF CHINA GROVE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

TABLE 7

Fiscal Year	Direct	Overlapping						Total
	City	East Central School District	Bexar County	Bexar Co. Road and Flood Fund	University Health System	Alamo College District	San Antonio River Authority	
2010	0.064492	1.319500	0.296187	0.030679	0.266235	0.135855	0.015951	2.128899
2011	0.071700	1.319500	0.296187	0.030679	0.276235	0.141623	0.016652	2.152576
2012	0.081700	1.296000	0.296187	0.030679	0.276235	0.141623	0.017370	2.139794
2013	0.087900	1.275000	0.296187	0.030679	0.276235	0.149150	0.017798	2.132949
2014	0.089000	1.275000	0.283821	0.030679	0.276235	0.149150	0.017500	2.121385
2015	0.085330	1.275000	0.283821	0.030679	0.276235	0.149150	0.017500	2.117715
2016	0.086207	1.265000	0.297500	0.017000	0.276235	0.149150	0.017290	2.108382
2017	0.084000	1.285000	0.293250	0.015700	0.276235	0.149150	0.017290	2.120625
2018	0.083000	1.335000	0.291229	0.012868	0.276235	0.149150	0.017290	2.164772
2019	0.120000	1.325000	0.277429	0.023668	0.276235	0.149150	0.018580	2.190062

Note: Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City.

Source: Bexar County Tax Assessor Collector

CITY OF CHINA GROVE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT AND NINE YEARS AGO

TABLE 8

	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Assessed Valuation
Lone Star Bakery	\$ 20,212,544	1	13.48%	\$ 20,504,930	1	17.78%
China Grove Mini Storage LLC	3,453,000	2	2.30%			
DAG LLC	1,584,260	3	1.06%			
State Bank of Lavernia	1,358,090	4	0.91%	750,000	5	0.65%
Lamb Weston Inc.	1,261,840	5	0.84%			
7-Eleven Inc	1,259,970	6	0.84%			
Texstar National Bank	1,100,000	7	0.73%			
Hu-Fi Joint Venture	1,100,000	8	0.73%			
Beaver Tommy G & Gail L	1,070,000	9	0.71%			
Delgado, Ruben	974,980	10	0.65%			
Chase Equipment Leasing				2,997,400	2	2.60%
Godwin Pumps of America				1,827,610	3	1.58%
Passano, John D & Jo Mac				1,512,264	4	1.31%
Ram Stores				961,280	5	0.83%
Kellogg USA Inc.				847,190	6	0.73%
Mr & Mrs. Cauble				841,140	7	0.73%
Nixon State Bank				716,520	9	0.62%
CSF Investments				652,880	10	0.57%
Total	<u>\$ 33,374,684</u>		<u>22.26%</u>	<u>\$ 31,611,214</u>		<u>27.41%</u>

Taxable Value of \$149,963,838

CITY OF CHINA GROVE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TABLE 9

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2010	74,382	66,579	89.51%	7,564	74,143	99.68%
2011	80,281	71,232	88.73%	8,361	79,593	99.14%
2012	87,576	78,398	89.52%	917	79,315	90.57%
2013	95,052	86,486	90.99%	1,334	87,820	92.39%
2014 *	103,715	101,662	98.02%	1,717	103,379	99.68%
2015	104,585	102,452	97.96%	2,613	105,065	100.46%
2016	115,699	113,553	98.15%	1,169	114,722	99.16%
2017	123,599	121,727	98.49%	71	121,798	98.54%
2018	134,436	132,530	98.58%	-	132,530	98.58%
2019	181,591	178,551	98.33%	-	178,551	98.33%

Source: Bexar County Tax Assessor Collector.

* The fiscal year for 2014 includes seventeen months due to the five month transition period resulted by the change in fiscal year end of April 30 to September 30.

CITY OF CHINA GROVE
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS

TABLE 10

Year	Population	Per Capita Personal Income	Median Age*	Unemployment Rate
2010	1,327	26,321	32.1	7.3%
2011	1,332	25,932	32.1	8.2%
2012	1,357	26,403	32.5	7.2%
2013	1,384	26,071	32.6	6.5%
2014	1,409	26,271	32.7	4.5%
2015	1,435	25,925	32.7	3.5%
2016	1,464	26,477	32.9	3.8%
2017	1,488	27,118	32.9	3.0%
2018	1,511	27,303	33.1	3.1%
2019	1,532	27,280	33.2	2.9%

Sources: Unemployment rate provided by the United States Bureau of Labor Statistics for the City of San Antonio. Population and median age provided by United States Census Bureau. Per capita personal income provided by the Bureau of Economic Analysis for the San Antonio metropolitan area.

*Note: Median age information is taken from the most recent census for that calendar year. Information for each year was not available.

CITY OF CHINA GROVE
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO

TABLE 11

	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland AFB	37,097	1	3.22%	28,100	2	3.05%
Fort Sam Houston	32,000	2	2.78%	30,793	1	3.34%
HEB Food Stores	20,000	3	1.74%	14,588	4	1.58%
USAA	18,305	4	1.59%	14,852	3	1.61%
Northside ISD	12,751	5	1.11%	12,597	5	1.37%
Randolph AFB	11,068	6	0.96%	10,700	6	1.16%
North East ISD	10,522	7	0.91%			
Methodist Healthcare	9,620	8	0.84%	7,013	9	0.76%
City of San Antonio	9,145	9	0.79%	9,000	7	0.98%
San Antonio ISD	7,000	10	0.61%	7,581	8	0.82%
University of Texas Health Science Center				5,985	10	0.65%
Total	<u>167,508</u>		<u>14.56%</u>	<u>141,209</u>		<u>15.31%</u>

The City of China Grove is part of the City of San Antonio metropolitan area. Most residents of China Grove work in San Antonio and thus the information above is presented for the metropolitan area.

Source: San Antonio Economic Development Foundation

Note: Data for nine years ago is not available, so data from eight years ago was presented instead.

