



CITY OF CHINA GROVE, TEXAS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

SEPTEMBER 30, 2018

CITY OF CHINA GROVE, TEXAS
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2018

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

TABLE OF CONTENTS
INTRODUCTORY SCHEDULE

	PAGE
TITLE PAGE	
CITY OFFICIALS	i
TABLE OF CONTENTS	ii
 FINANCIAL SECTION 	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	6
STATEMENT OF NET POSITION	7
STATEMENT OF ACTIVITIES	8
BALANCE SHEET - GOVERNMENTAL FUND	9
RECONCILIATION TO STATEMENT OF NET POSITION - GOVERNMENTAL FUND	10
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUND	11
RECONCILIATION TO STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	12
NOTES TO BASIC FINANCIAL STATEMENTS	13
REQUIRED SUPPLEMENTARY INFORMATION	20
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	21
NOTES TO SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-.....	23
SUPPLEMENTARY INFORMATION	24
COMPARATIVE BALANCE SHEETS	25
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	26
STATISTICAL SECTION	27
NET POSITION BY COMPONENT	28
CHANGE IN NET POSITION	30
FUND BALANCES, GOVERNMENTAL FUNDS	32
CHANGES IN FUND BALANCE	34
TAX REVENUE BY SOURCE	36
ASSESSED VALUE AND ACTUAL TAXABLE PROPERTY	37
DIRECT AND OVERLAPPING PROPERTY TAX RATES	38
PRINCIPAL PROPERTY TAXPAYERS	39
PROPERTY TAX LEVIES AND COLLECTIONS	40
DEMOGRAPHIC AND ECONOMIC STATISTICS	41
PRINCIPAL EMPLOYERS	42





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, 2018, 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, 2018 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).

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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.

Armstrong, Vaughan & Associates, P.C.

January 25, 2019

**CITY OF CHINA GROVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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, 2018. It should be read in conjunction with the financial statements.

Financial Highlights

- The City's overall net position was \$1.5 million at September 30, 2018, an increase of \$127 thousand from September 30, 2017.
- The City's total revenues were \$666 thousand, an increase of \$36 thousand. The City's increase in revenue was driven by an increase in traffic fines as the police department increased municipal court collections.
- The City's expenses were \$540 thousand, an increase of \$2,000.

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 \$1.5 million.

Table 1
City of China Grove
Statement of Net Position

	9/30/2018	9/30/2017
Current Assets	\$ 746,222	\$ 622,107
Capital Assets	798,214	789,681
Total Assets	<u>1,544,436</u>	<u>1,411,788</u>
Current Liabilities	28,463	22,574
Total Liabilities	<u>28,463</u>	<u>22,574</u>
Net Investment in Capital Assets	798,214	789,681
Restricted	13,742	11,616
Unrestricted	704,017	587,917
Total Net Position	<u>\$ 1,515,973</u>	<u>\$ 1,389,214</u>

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
City of China Grove
Changes in Net Position

	9/30/2018	9/30/17
Program Revenues:		
Charges for Services	\$ 219,968	\$ 180,928
General Revenues		
Tax Revenues	439,405	436,162
Other Revenues	6,997	12,910
Total Revenues	<u>666,370</u>	<u>630,000</u>
Personnel Services and Related Expenditures	303,051	268,283
Operating Supplies and Expenditures	142,392	191,970
Professional and Other Services	15,024	11,848
Emergency Services	65,000	60,000
Street Maintenance	14,144	6,000
Interest on Long-Term Debt	-	29
Total Expenses	<u>539,611</u>	<u>538,130</u>
Change in Net Position	<u>\$ 126,759</u>	<u>\$ 91,870</u>

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 and this year made an additional contribution for fire station improvements.

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 66% of the total revenues. Revenues increased due to an increase in municipal court activity. Expenditures of \$548 thousand included the additional contribution for fire station improvements and additional street improvement projects. The City's fund balance increased \$117 thousand to \$711 thousand.

Capital Assets

The City has \$798 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 \$66 thousand and expenditures were under budget by \$157 thousand. Revenues were over budget mainly because of increases in fines and forfeiture fee collections. Expenditures were under budget as street maintenance was not completed as planned.

Description of Current and Expected Conditions

For fiscal year 2018-2019, the Council increased the property tax rate from \$.083000 to \$.12000. The City also approved a sales tax increase of .25% to help support the ongoing efforts to maintain and upgrade the street infrastructure. For fiscal year 2018-2019, the City has included \$200 thousand for the next phase of the street project, but overall budgeted expenditures are expected to fall to \$661 thousand.

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, 2018

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, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 374,335
Certificates of Deposit	302,193
Accounts Receivable - Ad Valorem Taxes	6,671
Accounts Receivable - Other	61,703
Prepaid Item	1,320
Capital Assets:	
Land	18,084
Buildings & Improvements	286,378
Infrastructure	714,398
Furniture & Equipment	98,223
Accumulated Depreciation	(318,869)
TOTAL ASSETS	<u>1,544,436</u>
 LIABILITIES	
<i>Current Liabilities:</i>	
Accounts Payable	3,718
Due to Other Governments	24,745
<i>Total Current Liabilities</i>	<u>28,463</u>
TOTAL LIABILITIES	<u>28,463</u>
 NET POSITION	
Net Investment in Capital Assets	798,214
Restricted for Court Security	6,714
Restricted for Court Technology	7,028
Unrestricted	704,017
TOTAL NET POSITION	<u>\$ 1,515,973</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

FUNCTIONS AND PROGRAMS	Expenses	Program Revenues	Net Revenue (Expense)
		Charges for Services	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:			
Personnel Services and Related Expenses	\$ 303,051	\$ 64,182	\$ (238,869)
Operating Supplies and Expenses	142,392	97,976	(44,416)
Professional and Other Services	15,024	-	(15,024)
Emergency Services	65,000	57,810	(7,190)
Street Maintenance	14,144	-	(14,144)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 539,611	\$ 219,968	(319,643)
 GENERAL REVENUES			
Taxes:			
Franchise			129,024
Sales Tax			172,435
Ad Valorem (Property)			132,978
Mixed Beverage			4,968
Interest Income			2,867
Miscellaneous			4,130
TOTAL GENERAL REVENUES			446,402
Change in Net Position			126,759
NET POSITION AT BEGINNING OF YEAR			1,389,214
NET POSITION AT END OF YEAR			\$ 1,515,973

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 374,335
Certificates of Deposit	302,193
Accounts Receivable - Ad Valorem Taxes	6,672
Accounts Receivable - Other	61,703
Prepaid Item	<u>1,320</u>
TOTAL ASSETS	<u>\$ 746,223</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
<i>Liabilities:</i>	
Accounts Payable	\$ 3,718
Due to Other Governments	<u>24,745</u>
<i>Total Liabilities</i>	<u>28,463</u>
 <i>Deferred Inflow of Resources:</i>	
Unavailable Ad Valorem Tax	<u>6,352</u>
<i>Total Deferred Inflow of Resources</i>	<u>6,352</u>
 <i>Fund Balances:</i>	
Nonspendable for:	
Prepaid Item	1,320
Restricted for Court Security	6,714
Restricted for Court Technology	7,028
Unassigned	<u>696,346</u>
<i>Total Fund Balances</i>	<u>711,408</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCE	 <u>\$ 746,223</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
RECONCILIATION TO STATEMENT OF NET POSITION - GOVERNMENTAL FUND
SEPTEMBER 30, 2018

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 711,408

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. 6,352

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund. 798,213

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 1,515,973

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – GOVERNMENTAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General Fund</u>
REVENUES	
Franchise Fees	\$ 129,024
Sales Tax	172,435
Ad Valorem Tax	131,594
Mixed Beverage Tax	4,967
Fines and Forfeits	173,482
Impound Fees	33,794
Licenses and Permits	11,440
Interest	2,867
Miscellaneous	5,437
TOTAL REVENUES	<u>665,040</u>
EXPENDITURES	
Current:	
Personnel Services and Related Expenditures	303,051
Operating Supplies and Expenditures	95,504
Emergency Services	65,000
Professional and Other Services	15,024
Street Maintenance	14,144
Capital Outlay	55,474
TOTAL EXPENDITURES	<u>548,197</u>
Net Change in Fund Balance	116,843
FUND BALANCE AT BEGINNING OF YEAR	<u>594,565</u>
FUND BALANCE AT END OF YEAR	<u>\$ 711,408</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
 RECONCILIATION TO STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 116,843
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	1,382
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.	<u>8,534</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 126,759</u>

See accompanying notes to basic financial statements.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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, 2018

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). The City has all its monies in certificates of deposit. Earnings from these investments are added to each account quarterly. Investments other than Certificates of Deposit are carried at fair value.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 and become due October 1, 2017 and are past due after January 31, 2018. 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, 2018.

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.

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 \$1 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.

CITY OF CHINA GROVE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. CAPITAL ASSETS (Continued)

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.

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.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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

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. At September 30, 2018 the City's deposits at TexStar Bank totaled \$353,003 in demand deposit, interest and noninterest bearing accounts. Of this balance, \$103,003 was in excess of FDIC insurance. In the unlikely event of a bank failure, this excess balance would be at risk. The carrying amount of all the City's other deposits, including certificates of deposits, were fully covered by FDIC insurance.

NOTE C -- INVESTMENTS

The City has adopted an investment policy restricting the types of investments it may purchase. To date the City has invested only in Certificates of Deposit. As of September 30, 2018, the total amount of certificates of deposit was \$302,193. Certificates are reported at amortized cost.

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, 2018, upon which the fiscal 2018 levy was based was \$162,126,495 (i.e., market value less exemptions). The estimated market value was \$167,541,861, making the taxable value 96.8% of the estimated market value.

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, 2018, was \$.830000 per \$100 of assessed value, which means that the City has a tax margin of \$1.67 for each \$100 of assessed value and could increase its annual levy by approximately \$2,707,512 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.

CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

NOTE E -- ACCOUNTS RECEIVABLE - OTHER

Accounts Receivable – Other as of September 30, 2018 consisted of the following balances owed to the City:

Mixed Drink Taxes	\$	1,185
Franchise Taxes		24,258
Sales Tax		36,260
		\$ 61,703

NOTE F -- CAPITAL ASSETS

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

<i>Governmental Activities</i>	Balance 10/1/2017	Additions	Disposals/ Transfers	Balance 9/30/2018
Land	\$ 18,084	\$ -	\$ -	\$ 18,084
Buildings and Improvements	286,378	-	-	286,378
Infrastructure	658,924	55,474	-	714,398
Furniture & Equipment	98,223	-	-	98,223
Construction in Progress	-	-	-	-
	1,061,609	55,474	-	1,117,083
Less Accumulated Depreciation:				
Buildings and Improvements	(143,209)	(8,925)	-	(152,134)
Infrastructure	(38,669)	(33,871)	-	(72,540)
Furniture & Equipment	(90,051)	(4,144)	-	(94,195)
	(271,929)	(46,940)	-	(318,869)
Governmental Capital Assets, Net	\$ 789,680	\$ 8,534	\$ -	\$ 798,214

Land and Construction in Progress are not depreciated.

Depreciation Expense was allocated to the following governmental functions

Operating Supplies and Expenditures	\$46,940
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CITY OF CHINA GROVE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2018

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, 2018, were \$11,618.

NOTE H -- 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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Franchise Fees	\$ 122,000	\$ 122,000	\$ 129,024	\$ 7,024
Sales Tax	164,000	164,000	172,435	8,435
Ad Valorem Tax	134,084	134,084	131,594	(2,490)
Mixed Beverage Tax	5,000	5,000	4,967	(33)
Fines and Forfeits	124,400	124,400	173,482	49,082
License and Permit Income	5,550	4,700	11,440	6,740
Impound Fees	40,000	40,000	33,794	(6,206)
Interest Income	850	850	2,867	2,017
Miscellaneous Income	3,550	4,400	5,437	1,037
TOTAL REVENUES	<u>599,434</u>	<u>599,434</u>	<u>665,040</u>	<u>65,606</u>
EXPENDITURES				
<i>Personnel Services & Related Expenditures:</i>				
Salaries and Retirement	282,450	282,450	280,277	2,173
Payroll Taxes	22,000	22,000	22,774	(774)
<i>Total Personnel Services & Related Expenditures</i>	<u>304,450</u>	<u>304,450</u>	<u>303,051</u>	<u>1,399</u>
<i>Operating Supplies & Expenditures:</i>				
Police Department	48,500	48,500	26,812	21,688
Building Maintenance	10,500	10,500	8,382	2,118
Utilities	19,000	19,000	18,509	491
Office Supplies and Operations	18,000	18,000	16,450	1,550
Insurance and Bonds	15,000	15,000	11,618	3,382
Dues and Subscriptions	1,500	1,500	850	650
Municipal Court	7,400	7,400	8,674	(1,274)
Miscellaneous	9,100	9,100	4,209	4,891
<i>Total Operating Supplies & Expenditures</i>	<u>129,000</u>	<u>129,000</u>	<u>95,504</u>	<u>33,496</u>
<i>Professional and Other Services:</i>				
Legal	6,725	6,725	4,913	1,812
Accounting	6,400	6,400	6,510	(110)
Animal Control	4,000	4,000	3,601	399
<i>Total Professional and Other Services</i>	<u>\$ 17,125</u>	<u>\$ 17,125</u>	<u>\$ 15,024</u>	<u>\$ 2,101</u>

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, 2018

	<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>	\$ 65,000	\$ 65,000	\$ 65,000	\$ -
<i>Street Maintenance</i>	134,526	134,526	14,144	120,382
<i>Capital Outlay</i>	55,474	55,474	55,474	-
TOTAL EXPENDITURES	<u>705,575</u>	<u>705,575</u>	<u>548,197</u>	<u>157,378</u>
NET CHANGE IN FUND BALANCE	(106,141)	(106,141)	116,843	222,984
BEGINNING FUND BALANCE	<u>594,565</u>	<u>594,565</u>	<u>594,565</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 488,424</u>	<u>\$ 488,424</u>	<u>\$ 711,408</u>	<u>\$ 222,984</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, 2018

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, 2018 AND 2017

	9/30/2018	9/30/2017
ASSETS		
Cash and Cash Equivalents	\$ 374,335	\$ 397,511
Certificates of Deposit	302,193	161,910
Accounts Receivable - Ad Valorem Taxes	6,672	5,267
Accounts Receivable - Other	61,703	57,419
Prepaid Item	1,320	-
TOTAL ASSETS	\$ 746,223	\$ 622,107
 LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE		
<i>Liabilities:</i>		
Accounts Payable	\$ 3,718	\$ 1,079
Payroll Liabilities	-	2,938
Due to Other Governments	24,745	18,557
<i>Total Liabilities</i>	28,463	22,574
 <i>Deferred Inflow of Resources:</i>		
Unavailable Ad Valorem Tax	6,352	4,968
<i>Total Deferred Inflow of Resources</i>	6,352	4,968
 <i>Fund Balances:</i>		
Nonspendable for:		
Prepaid Item	1,320	-
Restricted for:		
Court Security	6,714	3,685
Court Technology	7,028	7,931
Unassigned	696,346	582,949
<i>Total Fund Balances</i>	711,408	594,565
 TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	\$ 746,223	\$ 622,107

CITY OF CHINA GROVE
 COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>9/30/2018</u>	<u>9/30/2017</u>
REVENUES		
Franchise Fees	\$ 129,024	\$ 134,302
Sales Tax	172,435	173,758
Ad Valorem Tax	131,594	122,626
Mixed Beverage Tax	4,967	5,286
Fines and Forfeits	173,482	127,939
Impound Fees	33,794	46,991
Licenses and Permits	11,440	5,120
Interest	2,867	726
Miscellaneous	5,437	13,091
TOTAL REVENUES	<u>665,040</u>	<u>629,839</u>
EXPENDITURES		
Current:		
Personnel Services and Related Expenditures	303,051	268,283
Operating Supplies and Expenditures	95,504	147,982
Emergency Services	65,000	60,000
Professional and Other Services	15,024	11,848
Street Maintenance	14,144	6,000
Capital Outlay	55,474	119,007
Debt Service:		
Principal	-	2,816
Interest	-	29
TOTAL EXPENDITURES	<u>548,197</u>	<u>615,965</u>
Net Change in Fund Balance	116,843	13,874
FUND BALANCE AT BEGINNING OF YEAR	<u>594,565</u>	<u>580,691</u>
FUND BALANCE AT END OF YEAR	<u>\$ 711,408</u>	<u>\$ 594,565</u>



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			
	2009 *	2010 *	2011 *	2012 *
<i>Governmental Activities</i>				
Net Investment in Capital Assets	\$ 214,189	\$ 206,672	\$ 232,810	\$ 224,513
Restricted	2,246	4,684	8,683	9,182
Unrestricted	477,508	485,460	504,435	532,803
<i>Total Governmental Activities Net Assets</i>	<u>\$ 693,943</u>	<u>\$ 696,816</u>	<u>\$ 745,928</u>	<u>\$ 766,498</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 I

Fiscal Year					
2013 *	2014	2015	2016	2017	2018
\$ 211,109	\$ 277,757	\$ 465,863	\$ 711,874	\$ 789,681	\$ 798,214
11,866	11,881	17,081	23,951	11,616	13,742
667,543	682,790	666,299	561,519	587,917	704,017
\$ 890,518	\$ 972,428	\$ 1,149,243	\$ 1,297,344	\$ 1,389,214	\$ 1,515,973

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

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
Personnel and Related Expenditures	\$ 142,826	\$ 140,470	\$ 146,003	\$ 151,453
Operating Supplies and Expenditures	86,376	89,724	97,438	100,038
Professional and Other Services	13,566	15,368	21,617	28,431
Emergency Services	56,874	59,423	36,000	53,375
Street Maintenance	42,995	22,581	14,616	10,433
Interest on Long Term Debt	-	-	-	-
Total Governmental Activities Expenses	<u>\$ 342,637</u>	<u>\$ 327,566</u>	<u>\$ 315,674</u>	<u>\$ 343,730</u>
Program Revenues				
Governmental Activities				
Charges for Services:				
Personnel Services and Related Expenditures	\$ 31,081	\$ 29,887	\$ 35,055	\$ 28,172
Operating Supplies and Expenditures	31,081	29,887	35,055	28,172
Emergency Services	29,031	28,145	33,125	25,186
Total Governmental Activities Program Revenues	<u>\$ 91,193</u>	<u>\$ 87,919</u>	<u>\$ 103,235</u>	<u>\$ 81,530</u>
Net (Expense) Revenue				
Total Governmental Activities Program Revenues	<u>\$ (251,444)</u>	<u>\$ (239,647)</u>	<u>\$ (212,439)</u>	<u>\$ (262,200)</u>
Governmental Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Franchise	\$ 88,204	\$ 89,966	\$ 90,613	\$ 91,591
Sales Tax	88,015	70,499	86,461	98,206
Ad Valorem (Property)	65,996	74,291	78,595	87,060
Mixed Beverage	3,342	3,110	1,960	1,356
Interest Income	2,930	3,284	1,894	2,362
Miscellaneous	1,457	1,370	2,028	2,195
Total Governmental Activities	<u>\$ 249,944</u>	<u>\$ 242,520</u>	<u>\$ 261,551</u>	<u>\$ 282,770</u>
Changes in Net Position				
Governmental Activities	<u>\$ (1,500)</u>	<u>\$ 2,873</u>	<u>\$ 49,112</u>	<u>\$ 20,570</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				
2013	2014 *	2015	2016	2017	2018	
\$ 167,735	\$ 189,785	\$ 221,074	\$ 249,753	\$ 268,283	\$ 303,051	
108,694	152,176	115,841	163,702	191,970	142,392	
15,252	57,839	15,440	18,667	11,848	15,024	
60,000	85,000	60,000	60,000	60,000	65,000	
8,888	10,063	8,606	25,310	6,000	14,144	
529	2,203	890	244	29	-	
<u>\$ 361,098</u>	<u>\$ 497,066</u>	<u>\$ 421,851</u>	<u>\$ 517,676</u>	<u>\$ 538,130</u>	<u>\$ 539,611</u>	
\$ 25,762	\$ 17,714	\$ 38,903	\$ 60,984	\$ 45,650	\$ 64,182	
25,761	17,714	63,199	106,207	92,641	97,976	
22,708	14,256	35,943	56,708	42,637	57,810	
<u>\$ 74,231</u>	<u>\$ 49,684</u>	<u>\$ 138,045</u>	<u>\$ 223,899</u>	<u>\$ 180,928</u>	<u>\$ 219,968</u>	
<u>\$ (286,867)</u>	<u>\$ (447,382)</u>	<u>\$ (283,806)</u>	<u>\$ (293,777)</u>	<u>\$ (357,202)</u>	<u>\$ (319,643)</u>	
\$ 88,066	\$ 161,675	\$ 134,005	\$ 131,378	\$ 134,302	\$ 129,024	
106,039	210,993	207,582	186,297	173,758	172,435	
94,047	105,486	104,054	112,914	122,815	132,978	
1,188	5,425	10,229	4,472	5,287	4,968	
2,130	2,229	1,118	1,161	726	2,867	
119,417	43,484	3,633	5,656	12,184	4,130	
<u>\$ 410,887</u>	<u>\$ 529,292</u>	<u>\$ 460,621</u>	<u>\$ 441,878</u>	<u>\$ 449,072</u>	<u>\$ 446,402</u>	
<u>\$ 124,020</u>	<u>\$ 81,910</u>	<u>\$ 176,815</u>	<u>\$ 148,101</u>	<u>\$ 91,870</u>	<u>\$ 126,759</u>	

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

	Fiscal Year			
	2009 *	2010 *	2011 *	2012 *
Non-spendable Fund Balance:				
Prepaid Items	\$ 7,242	\$ 7,799	\$ 3,533	\$ 3,533
Restricted Fund Balance:				
Court Security	2,246	4,684	7,303	9,182
Court Technology	-	-	1,380	-
	2,246	4,684	8,683	9,182
Unassigned	466,734	473,363	492,798	523,493
Total General Fund	\$ 476,222	\$ 485,846	\$ 505,014	\$ 536,208

** 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					
2013 *	2014	2015	2016	2017	2018
\$ 5,421	\$ -	\$ -	\$ -	\$ -	\$ 1,320
10,722	11,515	14,355	17,952	3,685	6,714
1,144	366	2,726	5,999	7,931	7,028
11,866	11,881	17,081	23,951	11,616	13,742
652,765	678,633	662,919	556,740	582,949	696,346
\$ 670,052	\$ 690,514	\$ 680,000	\$ 580,691	\$ 594,565	\$ 711,408

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

	Fiscal Year			
	2009	2010	2011	2012
REVENUES				
Taxes	\$ 243,703	\$ 237,100	\$ 253,824	\$ 280,540
Fines and Forfeits	87,095	84,435	99,374	75,556
Impound Fees	-	-	-	-
Licenses and Permits	4,098	3,050	3,258	5,400
Interest	2,930	3,284	1,894	2,362
Miscellaneous	1,457	1,804	2,631	2,769
TOTAL REVENUES	339,283	329,673	360,981	366,627
EXPENDITURES				
Current:				
Personnel Services and Related Expenditures	142,826	140,470	146,003	151,453
Operating Supplies and Expenditures	72,860	75,384	82,431	83,821
Professional and Other Services	13,566	15,368	21,617	28,431
Emergency Services	56,874	59,423	36,000	53,375
Street Maintenance	42,995	22,581	14,617	10,433
Capital Outlay	7,720	6,823	41,145	7,920
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	336,841	320,049	341,813	335,433
OTHER FINANCING SOURCES (USES)				
Loan Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	\$ 2,442	\$ 9,624	\$ 19,168	\$ 31,194

** 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					
2013	2014*	2015	2016	2017	2018
\$ 285,760	\$ 488,781	\$ 456,646	\$ 433,661	\$ 435,972	\$ 438,020
68,123	42,767	107,828	170,124	127,939	173,482
-	-	24,296	45,223	46,991	33,794
5,320	6,740	4,947	7,540	5,120	11,440
2,130	2,229	1,118	1,161	726	2,867
120,205	43,661	4,606	6,667	13,091	5,437
<u>481,538</u>	<u>584,178</u>	<u>599,441</u>	<u>664,376</u>	<u>629,839</u>	<u>665,040</u>
167,735	189,785	221,074	249,750	268,283	303,051
88,759	115,905	87,591	125,115	147,982	95,504
15,252	85,000	60,000	60,000	60,000	65,000
60,000	57,839	15,440	18,667	11,848	15,024
8,888	10,063	8,606	25,310	6,000	14,144
65,000	80,318	199,999	267,906	119,007	55,474
6,531	22,604	16,356	16,693	2,816	-
529	2,202	889	244	29	-
<u>412,694</u>	<u>563,716</u>	<u>609,955</u>	<u>763,685</u>	<u>615,965</u>	<u>548,197</u>
<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 133,844</u>	<u>\$ 20,462</u>	<u>\$ (10,514)</u>	<u>\$ (99,309)</u>	<u>\$ 13,874</u>	<u>\$ 116,843</u>

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

TABLE 5

Period Ending	Franchise	Sales & Use	Property	Mixed Beverage	Total
4/30/2009	\$ 88,204	\$ 88,015	\$ 64,142	\$ 3,342	\$ 243,703
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	435,972
9/30/2018	129,024	172,435	131,594	4,967	438,020

** 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>
2009	73,348,990	52,999,882	14,528,033	111,820,839	0.060230
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

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	
2009	0.060230	1.319500	0.289399	0.037467	0.261022	0.135855	0.015951	2.119424
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

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

	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Assessed Valuation
Lone Star Bakery	\$ 18,924,040	1	11.67%	\$ 20,851,630	1	19.87%
National Oilwell Varco LP	3,386,120	2	2.09%			
National Oilwell Varco LP	3,084,840	3	1.90%			
China Grove Mini Storage LLC	2,077,040	4	1.28%			
Nov Process & Flow Technologies	1,424,500	5	0.88%	926,003	4	0.88%
State Bank of Lavernia	1,374,590	6	0.85%	669,504	7	0.64%
7-Eleven Inc	1,150,000	7	0.71%			
Texstar National Bank	1,090,940	8	0.67%			
Beaver Tommy G & Gail L	1,050,000	9	0.65%			
Mr. & Mrs. Cauble	1,013,610	10	0.63%	799,080	6	0.74%
Godwin Pumps of America				1,246,965	3	1.19%
Chase Equipment Leasing				3,413,562	2	3.25%
Ram Stores				783,964	5	0.75%
Nixon State Bank				660,946	8	0.63%
Atsinger Family Trust				583,089	9	0.56%
CSF Investments				554,811	10	0.53%
Total	<u>\$ 34,575,680</u>		<u>21.33%</u>	<u>\$ 30,489,554</u>		<u>29.04%</u>

Taxable Value of \$162,126,495

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>
2009	67,350	62,214	92.37%	4,913	67,127	99.67%
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%	8,681	87,079	99.43%
2013	95,052	86,486	90.99%	8,087	94,573	99.50%
2014 *	103,715	101,662	98.02%	1,575	103,237	99.54%
2015	104,585	102,452	97.96%	2,530	104,982	100.38%
2016	115,699	113,553	98.15%	853	114,406	98.88%
2017	123,599	121,727	98.49%	-	121,727	98.49%
2018	134,436	132,530	98.58%	-	132,530	98.58%

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
2009	1,303	34,937	39.8	4.5%
2010	1,303	36,285	39.8	7.3%
2011	1,179	34,969	47.7	8.2%
2012	1,207	34,969	34.1	7.2%
2013	1,224	32,949	47.7	6.5%
2014	1,123	39,005	51.5	4.5%
2015	1,152	40,857	51.2	3.5%
2016	1,291	35,236	50.9	3.8%
2017	1,179	36,810	50.9	3.0%
2018	1,242	36,322	51.8	3.1%

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 EIGHT YEARS AGO

TABLE 11

	2018			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Lackland AFB	37,097	1	3.64%	28,100	2	3.05%
Fort Sam Houston	32,000	2	3.14%	30,793	1	3.34%
HEB Food Stores	20,000	3	1.96%	14,588	4	1.58%
USAA	18,305	4	1.80%	14,852	3	1.61%
Northside ISD	12,751	5	1.25%	12,597	5	1.37%
Randolph AFB	11,068	6	1.09%	10,700	6	1.16%
North East ISD	10,522	7	1.03%			
Methodist Healthcare	9,620	8	0.94%	7,013	9	0.76%
City of San Antonio	9,145	9	0.90%	9,000	7	0.98%
San Antonio ISD	7,000	10	0.69%	7,581	8	0.82%
University of Texas Health Science Center				5,985	10	0.65%
Total	<u>167,508</u>		<u>16.44%</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.

