

City of Alvin, Texas

Paul Horn, Mayor

Adam Arendell, Mayor Pro-tem, District B
Brad Richards, At Large Position 1
Terry Droege, At Large Position 2
Scott Reed, District A



Keith Thompson, District C
Roger E. Stuksa, District D
Gabe Adame, District E

ALVIN CITY COUNCIL AGENDA

THURSDAY, FEBRUARY 18, 2016

7:00 P.M.

(Council Chambers)

Alvin City Hall, 216 West Sealy, Alvin, Texas 77511

Persons with disabilities who plan to attend this meeting that will require special services please contact the City Clerk's Office at 281-388-4255 or droberts@cityofalvin.com 48 hours prior to the meeting time. City Hall is wheel chair accessible and a sloped curb entry is available at the east and west entrances to City Hall.

NOTICE is hereby given of a Regular Meeting of the City Council of the City of Alvin, Texas, to be held on **Thursday, February 18, 2016** at 7:00 p.m. in the Council Chambers at: City Hall, 216 W. Sealy, Alvin, Texas.

REGULAR MEETING AGENDA

1. CALL TO ORDER

2. INVOCATION AND PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT

4. PRESENTATIONS

A. Fire Department Update

5. CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION: An item(s) may be removed from the Consent Agenda for full discussion by the request of a member of Council. Item(s) removed will automatically become the first item up for discussion under Other Business.

A. Approve minutes of the February 4, 2016 City Council workshop.

B. Approve minutes of the February 4, 2016 City Council regular meeting.

C. Consider Joint Election Agreement And Contract For Election Services with Joyce Hudman, County Clerk, Brazoria County, Texas for the May 7, 2016 Election; and authorize the City Manager to sign.

D. Acknowledge receipt of the 2015 Racial Profiling Report.

6. OTHER BUSINESS:

Council may approve, discuss, refer, or postpone items under Other Business.

A. Presentation by Belt Harris Pechacek, LLP of the City's Comprehensive Annual Financial Report (CAFR) as of September 30, 2015; and Council's acknowledgment of receipt of the CAFR.

- B. Consider appointment of Belt Harris Pechacek, LLP as the City’s auditors for the fiscal year ending September 30, 2016; and authorize the Mayor to sign the Auditor’s Engagement Letter.
- C. Consider Resolution 16-R-06; accepting a \$10,000 donation from the estate of Diane Collins directed to the Alvin Animal Adoption Center (AAAC) to assist in the adoption of animals at the shelter.
- D. Consider Ordinance 16-B; amending Chapter 15, Miscellaneous Offenses, Section 9.1 – Noise; by revising the list of sound nuisances, establishing maximum permissible sound levels defined by decibel, establishing exemptions, and providing regulations for business sound permits, and setting forth other related provisions thereto.
- E. Consider Resolution 16-R-05; supporting the Brazoria County Commissioners’ Court action to pursue State of Texas and Federal Restore Act grants for the restoration and modernization of the Quintana Beach public fishing pier and for the ecosystems restoration of the lower San Bernard River by dredging open the silted mouth of the San Bernard River; and setting forth other provisions related thereto.

7. REPORTS FROM CITY MANAGER

- A. Review preliminary list of items for next Council meeting.
- B. Items of Community Interest.

8. REPORTS FROM COUNCIL MEMBERS

Pursuant to S.B. No. 1182, City Council Members may make a report or an announcement about items of community interest during a meeting of the governing body. No action will be taken or discussed.

- A. Announcements and requests from Council members.

9. ADJOURNMENT

I hereby certify that a copy of this notice was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City’s website: www.alvin-tx.gov, in compliance with Chapter 551, Texas Government Code on MONDAY, FEBRUARY 15, 2016 at 3:00 P.M.



Dixie Roberts
Dixie Roberts, City Clerk

Removal Date: _____

**** All meetings of the City Council are open to the public, except when there is a necessity to meet in Executive Session (closed to the public) under the provisions of Chapter 551, Texas Government Code. The Council reserves the right to convene into executive session on any of the above posted agenda items that qualify for an executive session by publicly announcing the applicable section of the Open Meetings Act, including but not limited to sections 551.071 (litigation and certain consultation with the attorney), 551.072 (acquisition of interest in real property), 551.073 (contract for gift to city), 551.074 (certain personnel deliberations), or 551.087 (qualifying economic development negotiations).**

Minutes of the Alvin Library Board—November 5, 2015 at 6pm

The Alvin Library Board met for its regularly scheduled quarterly meeting at 6:00 pm on Thursday, August 6, 2015.

The minutes of the August meeting were read and approved.

Danna discussed the situation with the disgruntled patron, computer/bandwidth needs and an opening for a part time clerk. Also, chairs at front entrance need to be reupholstered or replaced. Library staff has been busy with staff development, visiting local schools and Winchester Lodge.

Library League is starting a new membership year and reported a successful annual meeting.

David reported space in the budget to increase bandwidth throughout the county, a new website, an increase in circulation, library card membership and outreach.

The Open Meeting Act was read and accepted. The next regular meeting of the Alvin Library Board will be held Thursday, February 4, 2016 at 6pm in the Alvin Library conference room.

Submitted by:

Shandar Hobbs

Secretary, Alvin Library Board

ALVIN SR. BOARD MEETING
January 11, 2016

- **CALL TO ORDER:** Barbara Biggers called the meeting to order at 9:01 A.M. Board members present were Betty Hodges, Beverly Kimbrough, Nell Shimek, Barbara Biggers and Darrell Brady and Wanda Garrett. Others present were Dan Kelinske, Director Parks and Recreation, Marla Grigsby Senior Center Manager. Our visitor was Dixie Roberts, City Clerk. Dixie Roberts read the general rules for open meeting law. Dixie then swore in Sr. Board members Betty Hodges and Wanda Garrett. Minutes were read and approved as printed.
- **REPORTS:** Dan Kelinske said the air conditioner is hooked up and ready for inspection. The floors in the senior building is set to be stripped and redone. Dan talked about Alvin Residency. Marla Grigsby reported that she put in work orders to redo our ceiling. Barbara Biggers handed out copies of Sr. Board's Goals and Objectives for the Board to file with their information. Beverly Kimbrough said decorating will be February 1, 2016 at 9 A.M. Decorate for February dance will be done on February 16, at 2 P.M.
- **UNFINISHED BUSINESS:** Betty Hodges said that she wrote a letter to Ron Carter's owner, Terry Wilson asking for them to donate monies towards a new Sr. van. Betty said that we also need a new outdoor sign for the Center that will be easier to use. The height of the one we have is a safety hazard for those having to climb a ladder to change the messages. Marla Grigsby said that she is working up a volunteer list. Tabled was discussions of General Plans and Committees for Open House. Betty Hodges made a motion to remove Sr. Board Pictures off the table. Seconded by Beverly Kimbrough; motion carried. The photography club will be taking portrait shots of the board members with board members paying \$5.50 each. Beverly Kimbrough made motion to approve purchase of 11" X 14" frames with mats for \$214 plus tax from donation funds. Darrell Brady seconded motion, motion passed. Volunteer of the Year nominations will begin on February 1, 2016.
- **NEW BUSINESS:** Marla Grigsby said that on March 15, 2016 Tomas Lewis, who performs a dancing act, will be at the Sr. Center. Marla distributed forms to be used to tally usage of the Center. The Board members made suggestions for some changes. These forms will serve as sign- in sheets for those meeting for the events at the Center. Plans for the Volunteer Luncheon were discussed. Betty Hodges made a motion to order duffel bags as gifts for the individual volunteers, Wanda Garrett seconded motion, and motion passed. Organizations recognized will receive framed certificates. Committees will be appointed at the next meeting. The theme is 'Volunteers Giving Time: Touching Hearts'. The date for the luncheon is April 14, 2016. Marla distributed copies of the ALVIN SENIOR CENTER RULES AND REGULATIONS and asked Board members to review these before the next meeting for suggestions or corrections.
- **ANNOUNCEMENTS:** Next meeting will be February 8, 2016
- **ADJOURNED:** 10:48 A.M.
- Respectfully submitted,

Nell Shimek, Alvin Senior Board Secretary

**MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
CITY COUNCIL WORKSHOP MEETING
THURSDAY FEBRUARY 4, 2016
6:00 P.M.**

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in Workshop Session at 6:00 P.M. in the Downstairs Conference Room at City Hall, with the following members present: Mayor Paul A. Horn, Councilmembers: Gabe Adame, Terry Droege, Brad Richards, Scott Reed, Roger Stuksa, and Keith Thompson.

Staff members present: Sereniah Breland, City Manager; Dixie Roberts, City Clerk; Robert Lee, Police Chief; Michelle Segovia, City Engineer; Larry Buehler, Economic Development Coordinator;

WORKSHOP ITEMS

Utility Master Plan

Richard Weatherly with Freese and Nichols gave a presentation regarding the Utility Master Plan.

ADJOURNMENT

Mayor Horn adjourned the meeting at 6:45p.m.

PASSED and APPROVED this _____ day of _____, 2016.

Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Clerk

**MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
REGULAR CITY COUNCIL MEETING
THURSDAY FEBRUARY 4, 2016
7:00 P.M.**

CALL TO ORDER

BE IT REMEMBERED that, on the above date, the City Council of the City of Alvin, Texas, met in Regular Session at 7:00 P.M. in the Council Chambers at City Hall, with the following members present: Mayor Paul A. Horn, Mayor Pro-tem Adam Arendell, Councilmembers: Gabe Adame, Terry Droege, Brad Richards, Scott Reed, Roger Stuksa, and Keith Thompson.

Staff members present: Sereniah Breland, City Manager; Bobbi Kacz, City Attorney; Dixie Roberts, City Clerk; Robert Lee, Police Chief; Michelle Segovia, City Engineer and Larry Buehler, Economic Development Coordinator.

INVOCATION AND PLEDGE OF ALLEGIANCE

Judy Zavala, Police Department Chaplain gave the invocation.

Council member Adame led the Pledge of Allegiance to the American Flag.

Council member Reed led the Pledge to the Texas Flag.

PUBLIC COMMENT

There were no public comments

CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION

Approve minutes of the January 21, 2016 City Council and Planning Commission joint workshop.

Approve minutes of the January 21, 2016 City Council regular meeting.

Council member Droege moved to approve the consent agenda as presented. Seconded by Council member Thompson; motion carried on a vote of 7 Ayes.

OTHER BUSINESS:

Consider a final plat of Airgas USA, being a 1.11 acre (710 E. Highway 6) replat of lots 6, 7, 8, 9, 10, and 11, Block 2 of A. E. Bates Live Oak Addition, volume 4, page 181, Brazoria County Map Records, City of Alvin, Brazoria County, Texas.

On January 6, 2016 the Engineering Department received the Final Plat of Airgas USA for review. The property is located at 710 E. Highway 6 and is being platted in order to consolidate the six lots owned by Airgas into one lot in order to facilitate a future expansion of the existing building. The City Planning Commission unanimously approved the plat at their meeting on January 19, 2016.

Council member Stuksa moved to approve a final plat of Airgas USA, being a 1.11 acre (710 E. Highway 6) replat of lots 6, 7, 8, 9, 10, and 11, Block 2 of A. E. Bates Live Oak Addition, volume 4, page 181, Brazoria County Map Records, City of Alvin, Brazoria County, Texas. Seconded by Council member Thompson; motion carried on a vote of 7 Ayes.

Consider a final plat of Meza Manor, being a subdivision of 2.4897 acres (south of the CR 160 and CR 266 intersection) located in the L. C. Dunbaugh Survey, abstract 585, in Brazoria County, Texas.

On January 4, 2016 the Engineering Department received the Final Plat of Meza Manor for review. The property is located on the south side of the intersection of County Road 160 and County Road 266 in the City of Alvin Extraterritorial Jurisdiction (ETJ) and is being platted in order for the owners to build a home on lot 1 and a shop for personal use on lot 2. The City Planning Commission unanimously the plat at their meeting on January 19, 2016.

Council member Reed moved to approve a final plat of Meza Manor, being a subdivision of 2.4897 acres (south of the CR 160 and CR 266 intersection) located in the L. C. Dunbaugh Survey, abstract 585, in Brazoria County, Texas. Seconded by Council member Droege; motion carried on a vote of 7 Ayes.

Consider the Amended Chapter 380 Agreement with Moore & Moore Investments, LLC to allow for additional commercial buildings; and authorize the City Manager to sign.

Moore's Space, a locally owned business, is requesting to amend their existing Chapter 380 Agreement with the City of Alvin for the purpose of expanding their business. The agreement was signed February 28, 2014 with a seven (7) year term. They have met the obligations of the original agreement early and have an opportunity to expand and bring new taxable value to the City of Alvin.

Moore & Moore Investments desires to add three additional structures for lease space. They are requesting to utilize the same building setback along Shane Street as provided by the original agreement for one building and be able to build a structure five feet inside their new fence along the front of the property on Callaway Drive. The proposed new construction cost is valued at \$121,000. Pictures and the layout of the proposed improvements are attached. If approved, the Amended 380 Agreement will start a new seven (7) year obligation timeframe upon all signatures being completed.

When they purchased the former Brazoria County Pct. 3 office building, the stated value was \$200,000. After their remodeling improvements, the stated value is \$355,000. They recently sold it to the Stephan F Austin Community Health Network for administrative offices which provides more room for the health clinic operations on Adoue Street to expand their services.

Council member Stuksa moved to approve Amended Chapter 380 Agreement with Moore & Moore Investments, LLC to allow for additional commercial buildings; and authorize the City Manager to sign. Seconded by Council member Richards; motion carried with 5 members present voting Aye and Council member's Thompson and Droege voting No.

Consider Ordinance 16-A; granting consent to the addition of approximately 103 acres to Brazoria County Municipal Utility District No. 24; containing various provisions related to the foregoing subject; and making certain findings related thereto.

Lesco Enterprises, Inc. (LEI) is requesting the 103 acre residential portion of Martha's Vineyard be annexed to Brazoria County Municipal Utility District No. 24 (MUD #24) for the purpose of funding the necessary infrastructure for the residential development.

MUD #24 is a 500-acre tract of land on the north side of the city. There is no development at this time on the 500-acre tract. This will allow bonds from MUD #24 to be sold only for the purpose of purchasing and constructing the necessary infrastructure to include waterworks systems, sanitary sewer systems, storm sewer systems, drainage facilities and roads, or parts of such systems, facilities or roads, to make any and all necessary purchases, construction, improvements, extensions, additions and repairs thereto, and to purchase or acquire all necessary land, right-of-way easements, sites, equipment, buildings, plants, structures and facilities.

Council member Adame moved to approve Ordinance 16-A; granting consent to the addition of approximately 103 acres to Brazoria County Municipal Utility District No. 24; containing various

provisions related to the foregoing subject; and making certain findings related thereto. Seconded by Council member Droege; motion carried on a vote of 7 Ayes.

Consider Resolution 16-R-02; confirming and ratifying the Utility Services Contract with Lesco Enterprises, Inc. for the development of Martha's Vineyard, a 300 home residential tract on approximately 103 acres and a 20-acre commercial tract; and authorize the City Manager to sign the Utility Services Contract as presented.

Lesco Enterprises, Inc. (LEI) is requesting a Utility Services Contract (USC) that will allow the City of Alvin to provide water/waste water services to the Martha's Vineyard development. Martha's Vineyard is a residential and commercial development fronting the north side of West State Highway 6 within the extraterritorial jurisdiction (ETJ) of the City of Alvin. This development plans to have 300 residential homes and a separate 20-acre commercial tract along State Highway 6. The minimum price for the homes will be \$200,000. There are planned amenities to include green space and trails connecting the detention areas. LEI will be requesting City Council to allow the land to be annexed into Municipal Utility District # 24 to assist in the costs of the necessary infrastructure for the project. A Strategic Partnership Agreement (SPA) will be created within 30 days of the execution of this agreement that will allow the City of Alvin to collect the sales tax on any commercial development constructed within the development. The USC will also include the request for annexation of the commercial tract into the City of Alvin, should the City wish to incorporate it at a later date. The City will not receive property tax and/or sales tax from the properties.

All permitting will be conducted through the City of Alvin to ensure the value of all residential development meets agreed minimum values. A Capital Recovery Fee per residential lot will also be paid by the developer in the same manner Impact Fees are paid by residential development constructed inside the city limits of Alvin.

Council member Thompson moved to approve Resolution 16-R-02; confirming and ratifying the Utility Services Contract with Lesco Enterprises, Inc. for the development of Martha's Vineyard, a 300 home residential tract on approximately 103 acres and a 20-acre commercial tract; and authorize the City Manager to sign the Utility Services Contract. Seconded by Council member Adame; motion carried on a vote of 7 Ayes.

Consider Resolution 16-R-03; establishing the procedure for the May 7, 2016 General Election in Alvin Texas and providing for related matters thereto.

This is the resolution calling the Municipal General Election for May 7, 2016; and providing for the joint election. This is for the purpose of electing a member from Council District A, Council District D, and At Large Position 2; for a term of three (3) years.

The City of Alvin contracts with the Brazoria County Elections Office to conduct our election. Brazoria County purchased the voting machines required to conduct elections. The City Clerk's Office handles the filings and all the required paper work and postings. The price of the election depends on how many other governing bodies hold an election. The total cost is split between those entities holding an election, which typically ranges anywhere from 25-30. Last year there were only 18 entities holding an election; Alvin's portion was \$ 9,500. An election contract with Brazoria County will be brought to you for approval at the next meeting.

Council member Adame moved to approve Resolution 16-R-03; establishing the procedure for the May 7, 2016 General Election in Alvin, Texas and providing for related matters thereto. Seconded by Council member Richards; motion carried on a vote of 7 Ayes.

REPORTS FROM CITY MANAGER

Review preliminary list of items for next Council meeting.

Ms. Breland reviewed the preliminary list for the February 18, 2016 City Council meeting.

Items of Community Interest.

Mrs. Roberts reviewed items of community interest.

REPORTS FROM COUNCIL MEMBERS

Pursuant to S.B. No. 1182, City Council Members may make a report or an announcement about items of community interest during a meeting of the governing body. No action will be taken or discussed.

Announcements and requests from Council members.

Council member Thompson thanked Klotz and Associates for the informative presentation given during the workshop regarding the Utility Master Plan.

Council member Reed stated he appreciated the information presented during the workshop.

Council member Richards stated he also appreciated the information presented during the workshop.

Council member Stuksa stated he is glad to see council holding more workshops.

Mayor Horn thanked all those involved in the Martha's Vineyard project. He encouraged City Council to begin thinking about items to discuss during the FY 17 budget goal-setting workshop scheduled for next Thursday.

ADJOURNMENT

Council member Stuksa moved to adjourn the meeting at 7:35 p.m. Seconded by Council member Arendell; motion to adjourn carried on a vote of 7 Ayes.

PASSED and APPROVED this _____ day of _____, 2016.

Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Clerk



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: City Clerk

Contact: Dixie Roberts, City Clerk

Agenda Item: Consider Joint Election Agreement And Contract for Election Services with Joyce Hudman, County Clerk, Brazoria County, Texas for the May 7, 2016 Election; and authorize City Manager to sign.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: The total amount of this contract has not yet been determined. The price of the contract depends on how many political subdivisions hold an election. After the filing deadline of February 19th it will be known as to what political subdivisions will be holding an election. The more entities holding an election, the lower the price per political subdivision.

Historical Election Cost:

May 2013: \$3,992

May 2014: \$3,836 (*general election only, doesn't include cost for run-off*)

May 2015: \$9,471 (*fewer political subdivisions holding an election*)

If the election is canceled, this contract will not take effect.

Funding Expected: Revenue ___ Expenditure ___ N/A ___ **Budgeted Item:** Yes No ___ N/A ___

Account Number: 1002-00-3235 **Amount:** Not yet determined

Legal Review Required: N/A ___ Required **Date Completed:** February 11, 2016

Supporting documents attached:

- Election Contract
- Brazoria County Elections Historical Price Comparison

Recommendation: Move to approve Joint Election Agreement And Contract for Election Services with Joyce Hudman, County Clerk, Brazoria County, Texas for the May 7, 2016 Election; and authorize City Manager to sign.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager

JOINT ELECTION AGREEMENT AND CONTRACT FOR ELECTION SERVICES

THIS CONTRACT by and between CITY OF ALVIN, acting by and through the governing body of hereinafter referred to as "Political Subdivision", and Joyce Hudman, County Clerk of Brazoria County, Texas, hereinafter referred to as "County Clerk", and by authority of section 31.092(a), Texas Election Code, for the conduct and supervision of the Political Subdivisions election to be held on MAY 7, 2016.

RECITALS

Political Subdivision is holding a Municipal Election (at the expense of Political Subdivision) on MAY 7, 2016.

The County owns an electronic voting system, the Hart InterCivic eSlate Voting System (Version 6.1), which has been duly approved by the Secretary of State pursuant to Texas Election Code Chapter 122 as amended, and is compliant with the accessibility requirements set forth by Texas Election Code Section 61.012. Political Subdivision desires to use the County's electronic voting system and to compensate the County for such use and to share in certain other expenses connected with joint elections in accordance with the applicable provisions of Chapters 31 and 271 of the Texas Election Code, as amended.

NOW THEREFORE, in consideration of the mutual covenants, agreements, and benefits to the parties, IT IS AGREED as follows:

I. ADMINISTRATION

The parties agree to hold a "Joint Election" in accordance with Chapter 271 of the Texas Election Code and this agreement. The County Clerk of Brazoria County shall coordinate, supervise, and handle all aspects of administering the Joint Election as provided in this agreement. Political Subdivision agrees to pay Brazoria County for equipment, supplies, services, and administrative costs as provided in this agreement. The County Clerk shall serve as the administrator for the Joint Election; however, the Political Subdivision shall remain responsible for the decisions and actions of its officers necessary for the lawful conduct of its election. The County Clerk shall provide advisory services in connection with decisions to be made and actions to be taken by the officers of the Political Subdivision.

It is understood that other political subdivisions may wish to participate in the use of the County's electronic voting system and polling places, and it is agreed that Brazoria County and the County Clerk may enter into other joint election agreements and contracts for election services for those purposes on terms and conditions generally similar to those set forth in this contract. Political Subdivision agrees that Brazoria County may enter into joint election agreements with other political subdivisions that may have territory located partially or wholly within the boundaries of Political Subdivision, and in such case all parties sharing common territory shall share a joint ballot

on the county's electronic voting system at the applicable polling places. In such cases, costs shall be divided among the participants.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap. However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap.

II. LEGAL DOCUMENTS

Political Subdivision shall be responsible for the preparation, adoption, and publication of all required election orders, resolutions, notices, and any other pertinent documents required by the Texas Election Code and/or Political Subdivision's governing body, charter, or ordinances. With reference to publications, the "County Clerk" will publish the "Notice of Test of Automatic Tabulating Equipment" and the "Notice of Election". If a Political Subdivision is holding any type Special Election, the Political Subdivision may have to publish their own "Notice of Election" in order to meet additional requirements. Please advise the Brazoria County Election's Office if your Political Subdivision must print a separate notice so we do not include your Political Subdivision in the Notice published by our office.

Preparation of the necessary materials for notices and the official ballot shall be the responsibility of each participating authority, including translation to languages other than English. Each participating authority shall provide a copy of their respective election orders and notices to the County Clerk's Election Department.

It is currently unclear whether the preclearance section of the Voting Rights Act of 1965, as amended, applies and whether preclearance is required. If it is determined that preclearance is required, the County Clerk's Election Department, with the assistance of the Brazoria County District Attorney's Office, shall prepare a submission to the United States Department of Justice for preclearance of the joint election procedures and polling places, pursuant to the Voting Rights Act of 1965, as amended. If preclearance is required, each Political Subdivision shall provide necessary documentation for preclearance and this submission to the Department of Justice shall be made on behalf of all political subdivisions participating in joint elections on MAY 7, 2016 .

III. STATUTORY COMPLIANCE

Political subdivisions shall follow all applicable State and Federal laws related to Elections including but not limited to Sec. 52.072 of the Election Code, which states, "a proposition on the ballot shall be printed on the ballot in the form of a single statement". **Failure to do so may prohibit the political subdivision's participation in a Joint Election.**

IV. VOTING LOCATIONS

The County Clerk's Election Office shall select and arrange for the use of and payment for all election day voting locations. Voting locations will be, whenever possible, the usual voting location for each election precinct in elections conducted by the county. The proposed voting locations are listed in Attachment A of this agreement. In the event a voting location is not available, the Elections Department will arrange for use of an alternate location with the approval of the Political Subdivision. The Elections Department shall notify the Political Subdivision of any changes from the locations listed in Attachment A.

If polling places for the MAY 7, 2016 joint election are different from the polling place(s) used by Political Subdivision in its most recent election, Political Subdivision agrees to post a notice no later than MAY 6, 2016 at the entrance to any previous polling places in the jurisdiction stating that the polling location has changed and stating the political subdivision's polling place names and addresses in effect for the MAY 7, 2016 election. Any changes in voting location from those that were used in the MAY 9, 2015 COUNTYWIDE JOINT elections will be posted by the County Clerk's Election Office.

V. ELECTION JUDGES, CLERKS, AND OTHER ELECTION PERSONNEL

Brazoria County shall be responsible for the appointment of the presiding judge and alternate judge for each polling location in accordance with Chapter 32 of the Texas Election Code. The County Clerk shall make emergency appointments of election officials if necessary. Upon request by the County Clerk, Political Subdivision agrees to assist in recruiting polling place officials who are bilingual (fluent in both English and Spanish).

The Elections Department shall notify all election judges of the eligibility requirements of Subchapter C of Chapter 32 of the Texas Election Code, and will take the necessary steps to insure that all election judges appointed for the Joint Election are eligible to serve.

The County Clerk shall arrange for the training and compensation of all election judges and clerks. The Elections Department shall arrange for the date, time, and place for presiding election judges to pick up their election supplies. Each presiding election judge will be sent a letter from the Elections Department notifying him of his appointment, the time and location of training and distribution of election supplies, and the number of election clerks that the presiding judge may appoint.

Each election judge will receive compensation at an hourly rate of \$12.00. Each election clerk will receive compensation at an hourly rate of \$10.00. The election judge will receive an additional sum of \$25.00 for picking up the election supplies prior to election day and for returning the supplies and equipment to the central counting station after the polls close. All judges and clerks will receive \$30.00 for attending training.

It is agreed by all parties that at all times and for all purposes hereunder, all election judges, clerks, and all other personnel involved in this election are temporary part-time employees subject only to those benefits available to such employees.

VI. PREPARATION OF SUPPLIES AND VOTING EQUIPMENT

The Elections Department shall arrange for all election supplies and voting equipment including, but not limited to official ballots, sample ballots, voter registration lists, and all forms, signs and other materials used by the election judges at the voting locations. At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap. However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap. The Elections Department shall provide the necessary voter registration information, instructions, and other information needed to enable the election judges in the voting locations that have more than one ballot style to conduct a proper election. If special maps are needed for a particular Political Subdivision, the Election Department will order the maps and pass that charge on to that particular Political Subdivision.

Political Subdivision shall furnish the County Clerk a list of candidates and/or propositions showing the order and the exact manner in which the candidate names and/or proposition(s) are to appear on the official ballot (including titles and text in each language in which the authority's ballot is to be printed). THE POLITICAL SUBDIVISION SHALL ALSO PROVIDE A COPY OF EACH CANDIDATE'S APPLICATION TO THE BRAZORIA COUNTY ELECTION'S OFFICE. This list shall be delivered to the Elections Department as soon as possible after ballot positions have been determined by each of the participating authorities. Each participating authority shall be responsible for proofreading and approving the ballot insofar as it pertains to that authority's candidates and/or propositions.

VII. EARLY VOTING

The participating authorities agree to conduct joint early voting and to appoint the County Clerk as the Early Voting Clerk in accordance with Sections 31.097 and 271.006 of the Texas Election Code. Political Subdivision agrees to appoint the County Clerk's permanent county employees as deputy early voting clerks. The participating authorities further agree that each Early Voting Location will have an "Officer in Charge" that will receive compensation at an hourly rate of \$12.00. The clerks at each location will receive compensation at an hourly rate of \$10.00. Early Voting by personal appearance will be held at the locations, dates, and times listed in Attachment "B" of this document. Any qualified voter of the Joint Election may vote early by personal appearance at any one of the joint early voting locations.

As Early Voting Clerk, the County Clerk shall receive applications for early voting ballots to be voted by mail in accordance with Chapters 31 and 86 of the Texas Election Code. Any requests for early voting ballots to be voted by mail received by the Political Subdivision shall be forwarded immediately by fax or courier to the Elections Department for processing.

The Elections Department shall, upon request, provide the Political Subdivision a copy of the early voting report on a daily basis and a cumulative final early voting report following the election.

VIII. EARLY VOTING BALLOT BOARD

Brazoria County shall appoint an Early Voting Ballot Board (EVBB) to process early voting results from the Joint Election. The Presiding Judge, with the assistance of the Elections Department, shall appoint two or more additional members to constitute the EVBB. The Elections Department shall determine the number of EVBB members required to efficiently process the early voting ballots.

IX. CENTRAL COUNTING STATION AND ELECTION RETURNS

The County Clerk shall be responsible for establishing and operating the central counting station to receive and tabulate the voted ballots in accordance with the provisions of the Texas Election Code and of this agreement.

The participating authorities hereby, in accordance with Section 127.002, 127.003, and 127.005 of the Texas Election Code, appoint the following central counting station officials:

- Counting Station Manager: Janice Evans
- Alternate Counting Station Manager: Brandy Pena
- Tabulation Supervisor: Susan Cloudt
- Alternate Tabulation Supervisor: Brandy Pena
- Presiding Judge: Amanda Little
- Alternate Presiding Judge: Dottie Cornett

The Elections Department will prepare the unofficial canvass reports after all precincts have been counted, and will deliver a copy of the unofficial canvass to the Political Subdivision as soon as possible after all returns have been tabulated. All participating authorities shall be responsible for the official canvass of their respective elections.

The Elections Department shall be responsible for conducting the post-election manual recount required by Section 127.201 of the Texas Election Code unless a waiver is granted by the Secretary of State. Notification and copies of the recount, if waiver is denied, will be provided to each participating authority and the Secretary of State’s Office.

The Elections Department shall submit all Political Subdivision’s precinct by precinct returns to the Texas Secretary of State’s Office electronically.

The Elections Department shall post all election night results to our website on election night. <http://www.Brazoriacountyvotes.com>

X. ELECTION EXPENSES AND ALLOCATION OF COSTS

The participating authorities agree to share the costs of administering the Joint Election. Allocation of costs, unless specifically stated otherwise, is mutually agreed to be shared according to a formula which is based on the cost per polling place. Since we will be switching to “Vote

Centers”, every political subdivision will be voting at every location. For billing purposes, each “Vote Center” will be assigned precincts in the area and if a political subdivision is on the ballot for any of the assigned precincts, they will share in the cost of that voting location.

It is agreed that the normal rental rate charged for the County’s voting equipment used on election day shall be divided equally among the participants utilizing each polling location.

Costs for Early Voting by Personal Appearance will be divided by all Political Subdivisions as follows: Total cost of all 11 locations will be divided by all Political Subdivisions holding elections on MAY 7, 2016. Cost will be based on registered voters.

XI. WITHDRAWAL FROM CONTRACT DUE TO CANCELLATION OF ELECTION

Political Subdivision may withdraw from this agreement and the Joint Election should it cancel its election in accordance with Sections 2.051 - 2.053 of the Texas Election Code, or should it be later ruled that the election is not needed. Political Subdivision is fully liable for any expenses incurred by Brazoria County on behalf of Political Subdivision. Any monies deposited with the county by the withdrawing authority shall be refunded, minus the aforementioned expenses.

XII. RECORDS OF THE ELECTION

The County Clerk is hereby appointed general custodian of the voted ballots and all records of the Joint Election as authorized by Section 271.010 of the Texas Election Code.

Access to the election records shall be available to each participating authority as well as to the public in accordance with applicable provisions of the Texas Election Code and the Texas Public Information Act. The election records shall be stored at the offices of the County Clerk or at an alternate facility used for storage of county records. The Elections Department shall ensure that the records are maintained in an orderly manner so that the records are clearly identifiable and retrievable.

Records of the election shall be retained and disposed of in accordance with the provisions of Section 66.058 of the Texas Election Code. If records of the election are involved in any pending election contest, investigation, litigation, or open records request, the County Clerk shall maintain the records until final resolution or until final judgment, whichever is applicable. It is the responsibility of each participating authority to bring to the attention of the County Clerk any notice of pending election contest, investigation, litigation or open records request which may be filed with the participating authority.

XIII. RECOUNTS

A recount may be obtained as provided by Title 13 of the Texas Election Code. Political Subdivision agrees that any recount shall take place at the offices of the County Clerk, and that the County Clerk shall serve as Recount Supervisor and the Political Subdivision’s official or employee who performs the duties of a secretary under the Texas Election Code shall serve as Recount Coordinator.

The Elections Department agrees to provide advisory services to the District as necessary to conduct a proper recount and cost of the recount depends on the size of the election and number of precincts to be recounted.

XIV. MISCELLANEOUS PROVISIONS

1. It is understood that to the extent space is available, that other districts and political subdivisions may wish to participate in the use of the County's election equipment and voting places, and it is agreed that the County Clerk may contract with such other districts or political subdivisions for such purposes and that in such event there may be an adjustment of the pro-rata share to be paid to the County by the participating authorities.

2. The County clerk shall file copies of this document with the Brazoria County Treasurer and the Brazoria County Auditor in accordance with Section 31.099 of the Texas Election Code.

3. In the event that legal action is filed contesting Political Subdivision's election under Title 14 of the Texas Election Code, Political Subdivision shall choose and provide, at its own expense, legal counsel for the County, the County Clerk, and additional election personnel as necessary.

4. Nothing in this contract prevents any party from taking appropriate legal action against any other party and/or other election personnel for a breach of this contract or a violation of the Texas Election Code.

5. The parties agree that under the Constitution and laws of the State of Texas, neither Brazoria County nor Political Subdivision can enter into an agreement whereby either party agrees to indemnify or hold harmless another party; therefore, all references of any kind, if any, to indemnifying or holding or saving harmless for any reason are hereby deleted.

6. This agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Brazoria County, Texas.

7. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

8. All parties shall comply with all applicable laws, ordinances, and codes of the State of Texas, all local governments, and any other entities with local jurisdiction.

9. The waiver by any party of a breach of any provision of this agreement shall not operate as or be construed as a waiver of any subsequent breach.

10. Any amendments of this agreement shall be of no effect unless in writing and signed by all parties hereto.

XV. COST ESTIMATES AND DEPOSIT OF FUNDS

It is estimated that Political Subdivision's obligation under the terms of this agreement shall be DETERMINED AFTER THE ELECTION. Political Subdivision agrees to pay to Brazoria County a deposit of \$2,000.00. This deposit shall be paid to Brazoria County within 10 days after the final candidate filing deadline. The final candidate filing deadline is FEBRUARY 19, 2016. Therefore, deposit is due by MARCH 4, 2016. The exact amount of the Political Subdivision's obligation under the terms of this agreement shall be calculated after the MAY 7, 2016 election and if the amount of the Political Subdivision's obligation exceeds the amount deposited, the Political Subdivision shall pay to Brazoria County the balance due within thirty (30) days after receipt of the final invoice from the County Clerk's Election Department. However, if the amount of the Political Subdivision's obligation is less than the amount deposited, Brazoria County shall refund to the Political Subdivision the excess amount paid within thirty (30) days after final costs are calculated.

IN TESTIMONY HEREOF, this agreement, its multiple originals all of equal force, has been executed on behalf of the parties hereto as follows, to-wit:

(1) It has on the _____ day of _____, 2016 been executed on behalf of Brazoria County by the County Judge or the County Clerk pursuant to the Texas Election Code so authorizing;

(2) It has on the _____ day of _____, 2016 been executed on behalf of the Political Subdivision by its Presiding Officer or authorized representative, pursuant to an action of the Political Subdivision so authorizing;

BRAZORIA COUNTY

By _____
Joyce Hudman, County Clerk

ATTEST:

CITY OF ALVIN

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor

COST OF MAY ELECTIONS

	May-07	May-08	May-09	May-10	May-11	May, 2012	May, 2013	May, 2014	May, 2015	CANCELLED IN 2015
ALVIN ISD	\$8,878.89	\$12,861.46	\$17,003.15	\$12,102.37	\$14,488.69	\$10,904.23	\$12,036.53	\$10,938.25		\$12,036.53
ANGLETON ISD		\$6,387.79	\$7,000.28	\$7,879.46		\$6,993.36		\$7,764.47	\$13,694.78	
BRAZOSPORT ISD	\$3,676.67		\$3,372.89		\$2,484.33	\$9,572.61	\$3,177.72	\$4,076.51		\$3,177.72
COLUMBIA-BRAZORIA ISD		\$8,250.41	\$8,163.52		\$7,812.45		\$4,465.90			\$4,465.90
DANBURY ISD		\$2,033.67	\$2,200.65		\$2,531.33			\$1,746.59		
PEARLAND ISD	\$7,061.49	\$10,993.01	\$13,097.89	\$12,737.42	\$13,297.63	\$10,800.47	\$11,693.26	\$11,430.68	\$19,450.21	
SWEENY ISD	\$2,066.25			\$4,919.75	\$2,490.27	\$2,295.64	\$1,818.97	\$2,278.94	\$4,646.98	
CITY OF ALVIN	\$3,051.61	\$4,024.94	\$5,477.07	\$4,381.10	\$5,137.90	\$3,745.61	\$3,991.94	\$3,836.15	\$9,470.56	
CITY OF ANGLETON	\$2,255.37	\$2,528.82	\$4,798.97	\$3,206.67	\$3,196.19	\$3,273.38	\$2,770.68	\$2,919.55	\$5,217.47	
VILLAGE OF BAILEY'S PRAIRIE							\$1,490.78			\$1,490.78
VILLAGE OF BONNEY										
CITY OF BRAZORIA		\$1,173.38	\$1,241.30		\$1,320.13				\$2,819.26	
CITY OF BROOKSIDE VILLAGE	\$1,312.53	\$1,807.25		\$1,429.40		\$1,437.10			\$1,572.89	
CITY OF CLUTE	\$1,325.08	\$1,982.58	\$2,197.64	\$2,898.39	\$2,056.35		\$4,703.34	\$3,096.40	\$3,600.59	
CITY OF DANBURY	\$1,227.00		\$1,199.50	\$1,195.10		\$1,312.07	\$1,312.07	\$1,152.20	\$1,858.52	
CITY OF FREEPORT	\$1,622.94	\$2,122.60	\$2,567.41	\$2,653.35	\$2,247.92	\$2,176.79	\$2,372.03	\$3,370.03	\$3,672.69	
CITY OF HILLCREST VILLAGE										
TOWN OF HOLIDAY LAKES	\$1,235.07	\$1,235.07	\$1,164.58	\$1,505.85						
CITY OF IOWA COLONY			\$1,779.75						\$2,734.12	
IOWA COLONY CRIME								\$1,497.12		
VILLAGE OF JONES CREEK				\$1,574.60	\$1,323.07					
CITY OF LAKE JACKSON	\$2,892.16	\$3,843.61	\$4,173.59	\$6,242.94	\$3,613.06	\$3,268.22	\$3,110.96	\$3,547.43	\$7,824.91	
CITY OF LIVERPOOL		\$1,016.90		\$1,093.14	\$1,164.93					
CITY OF MANVEL	\$1,891.59			\$2,337.14	\$2,700.41	\$1,256.71	\$1,336.17	\$2,221.95	\$2,495.80	
CITY OF OYSTER CREEK	\$1,060.90	\$1,065.96	\$1,167.33			\$1,074.54		\$1,334.23		
CITY OF PEARLAND	\$6,768.68		\$13,745.55	\$11,943.20	\$12,898.42	\$10,388.57	\$11,737.57	\$12,078.21	\$21,415.66	
TOWN OF QUINTANA	\$1,172.00	\$1,378.80	\$1,667.92	\$1,578.08	\$1,439.30		\$1,655.27	\$1,976.65	\$2,170.37	
CITY OF RICHWOOD	\$1,127.18	\$1,233.60	\$1,257.43		\$1,574.60		\$1,189.05	\$1,332.23	\$1,903.95	
RICHWOOD CRIME								\$1,332.23		
CITY OF SANDY POINT										
VILLAGE OF SURFSIDE BEACH	\$1,065.96	\$995.69	\$1,277.23	\$1,165.13	\$1,277.23	\$1,097.86	\$1,283.10	\$1,284.57	\$1,662.16	
CITY OF SWEENY	\$1,152.42	\$1,376.97	\$1,449.69	\$1,434.53	\$1,259.30	\$1,471.38	\$1,145.88	\$1,334.25	\$2,253.49	
CITY OF WEST COLUMBIA	\$1,295.93	\$1,352.97	\$1,451.40	\$1,673.77		\$1,758.30				

COST OF MAY ELECTIONS

	May-07	May-08	May-09	May-10	May-11	May, 2012	May, 2013	May, 2014	May, 2015	CANCELLED IN 2015
ANGLETON DANBURY HOSP					\$2,490.27					
SWEENY HOSP	\$2,066.25	\$2,738.90	\$3,054.22	\$3,191.29	\$2,490.27		\$1,818.97	\$2,278.94		\$1,818.97
ALVIN COMMUNITY COLLEGE		\$13,073.95		\$12,476.78		\$11,209.03		\$11,039.25		
BRAZOSPORT COLLEGE		\$10,680.51				\$9,572.61				
ANGLETON DD#1				\$4,659.96						
BRAZ CO DD#5				\$1,813.37		\$2,619.63		\$2,401.26		
BRAZ CO DD#8		\$1,642.86						\$1,838.81		
VELASCO DRAINAGE DIST										
BRAZ CO FRESHWATER #2		\$1,241.65								
TREASURE ISLAND MUD		\$995.69								
VARNER CREEK UD						\$1,553.70		\$1,589.97		
BRAZ CO GROUNDWATER						\$12,808.68		\$10,034.57		
PORT FREEPORT	\$17,450.69		\$25,008.40		\$24,008.89		\$18,688.70			\$18,688.70
EMERGENCY SERVICE DIST #3	11,187.44						\$11,475.16			\$11,475.16
EMERGENCY SERVICE DIST #2							\$6,666.31	\$8,694.61		
EMERGENCY SERVICE DIST #1										
BRAZORIA COUNTY MUD #2		\$1,363.95								
BRAZORIA COUNTY MUD #26				\$1,481.59						
WEST BC DRAINAGE DIST #11		\$5,709.81		\$9,899.57			\$2,807.78			\$2,807.78
BRAZ CO. CONST AMENDMENT	\$40,998.81									
	\$123,842.91	\$105,112.80	\$125,517.36	\$117,473.95	\$113,302.94	\$110,590.49	\$112,748.14	\$118,426.05	\$108,464.41	\$55,961.54
Number of Pol Sub participating	24 Pol Sub	28 Pol Sub	24 Pol Sub	26 Pol Sub	23 Pol Sub	22 Pol Sub	23 Pol Sub	28 Pol Sub	18 Pol Sub	
			City of Angleton had separate election					Started Opening Shadow Creek EV	We did not open 1 EV & 2 ED - West of Brazos	Notice that some very large political subdivision cancelled their elections in 2015 causing a large increase for the 18 Pol Sub that did hold elections.

When comparing cost you need to compare even numbered years to even numbered year and odd numbered years to odd numbered years. Some political subdivisions have an election scheduled every year, some have elections every other year in even numbered years and some have every other year in odd numbered years.



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Police

Contact: Chief Robert E Lee

Agenda Item: Acknowledge receipt of the 2015 Racial Profiling Report.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: Article 2.134 of the Texas Code of Criminal Procedure requires that not later than March 1st that law enforcement agencies submit a report containing the previous year's incident-based data to the governing body of that agency's city or county. The Alvin Police Department (APD) patrol vehicles are equipped with audio and video recording devices. APD receives a partial exemption on reporting requirements because of APD's ability to record; therefore only stops that result in a citation or arrest are used for this report. It should be noted that Hispanics are generally under-reported and whites are generally over-reported. The primary reason for this is due to how the State collects and reports data on driver's licenses, which is where we obtain most of our racial data. The State of Texas identifies Hispanics as white in regard to race. When APD personnel manually enter a driver's license number, the field for race is automatically populated as white. APD uses Brazos Technology as our software and hardware for citation writing, the report is generated from the data collected in that software. If an individual does not have a driver's license when stopped, the racial data is entered at the discretion of the officer. The reported data in this year's report is similar to the data from the previous year. The Police Department is currently partnering with Brazos Technology to develop an improved process for capturing data.

Funding Expected: Revenue ___ Expenditure ___ N/A ___ Budgeted Item: Yes ___ No ___ N/A ___

Account Number: _____ Amount: _____

Legal Review Required: N/A ___ Required Date Completed: February 11, 2016

Supporting documents attached:

- 2015 Racial Profiling Tier 1 Report for TCOLE (Texas Commission on Law Enforcement)

Recommendation: Staff recommends council acknowledge receipt of the 2015 Racial Profiling Report

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager

TIER 1 - PARTIAL EXEMPTION RACIAL PROFILING REPORT

Agency Name: ALVIN POLICE DEPT
Reporting Date: 01/13/2016
TCOLE Agency Number: 039201
Chief Administrator: ROBERT E. LEE
Agency Contact Information: Mailing Address:
ALVIN POLICE DEPT
1500 S. Gordon
Alvin, TX 77511

This Agency claims partial racial profiling report exemption because:

Our vehicles that conduct motor vehicle stops are equipped with video and audio equipment and we maintain videos for 90 days.

Certification to This Report 2.132 (Tier 1) – Partial Exemption

Article 2.132(b) CCP Law Enforcement Policy on Racial Profiling

ALVIN POLICE DEPT has adopted a detailed written policy on racial profiling. Our policy:

- (1) clearly defines acts constituting racial profiling;
- (2) strictly prohibits peace officers employed by the ALVIN POLICE DEPT from engaging in racial profiling;
- (3) implements a process by which an individual may file a complaint with the ALVIN POLICE DEPT if the individual believes that a peace officer employed by the ALVIN POLICE DEPT has engaged in racial profiling with respect to the individual;
- (4) provides public education relating to the agency's complaint process;
- (5) requires appropriate corrective action to be taken against a peace officer employed by the ALVIN POLICE DEPT who, after an investigation, is shown to have engaged in racial profiling in violation of the ALVIN POLICE DEPT's policy adopted under this article;
- (6) require collection of information relating to motor vehicle stops in which a citation is issued and to arrests made as a result of those stops, including information relating to:
 - (A) the race or ethnicity of the individual detained;
 - (B) whether a search was conducted and, if so, whether the individual detained consented to the search; and
 - (C) whether the peace officer knew the race or ethnicity of the individual detained before detaining that individual; and

(7) require the chief administrator of the agency, regardless of whether the administrator is elected, employed, or appointed, to submit an annual report of the information collected under Subdivision (6) to:

(A) the Commission on Law Enforcement; and

(B) the governing body of each county or municipality served by the agency, if the agency is an agency of a county, municipality, or other political subdivision of the state.

I certify these policies are in effect.

Executed by: **ROBERT E. LEE**

Chief Administrator

ALVIN POLICE DEPT

Date: 01/13/2016

ALVIN POLICE DEPT Motor Vehicle Racial Profiling Information

Number of motor vehicle stops:

1. **2294** citation only
2. **0** arrest only
3. **179** both
4. **2473 Total** (4, 11, 14 and 17 must be equal)

Race or Ethnicity:

5. **192** African
6. **39** Asian
7. **1989** Caucasian
8. **228** Hispanic
9. **18** Middle Eastern
10. **7** Native American
11. **2473 Total** (lines 4, 11, 14 and 17 must be equal)

Race or Ethnicity known prior to stop?

12. **86** Yes
13. **2387** No
14. **2473 Total** (lines 4, 11, 14 and 17 must be equal)

Search conducted?

15. **62** Yes
16. **2411** No
17. **2473 Total** (lines 4, 11, 14 and 17 must be equal)

Was search consented?

18. **20** Yes
19. **42** No
20. **62 Total** (must equal line 15)



The Texas Commission on Law Enforcement

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- [Help](#)
 - [Help Manual](#)
 - [Contact Support](#)
 - [TCOLE Staff Contact List](#)
 - [TCLEDDS Account Help](#)
- [Logout](#)

Welcome to the TCOLE Department Reporting System!
Thank you, your Racial Profile Report has been accepted.

Your TCOLE Department Information

Chief Administrator:	Robert E. Lee	Account Holder:	Chad Fontenot
Department:	ALVIN POLICE DEPT	Date Modified:	02/19/2014
TCOLE Agency No:	039201	Account Holder Email:	cfontenot@cityofalvin.com
Department Address:	1500 S. GORDON ST. ALVIN, TX 77511	Account Holder Phone:	281/585-7111
Department Phone:	2815857101	TCLEDDS Account Active:	YES
Department Fax:	2813884380	2015 Racial Profile Report on File?	YES
Chief Administrator Email:	rlee@cityofalvin.com		

To change your Department Information, choose Account Information, Account Updates from the Menu.

Racial Profile Tier 1 HB3389

PLEASE NOTE: The official form does not allow for Other and Unknown in the Race or Ethnicity boxes on the TCLEOSE website. Please contact TCLEOSE for instructions on how to resolve these issues for 2012. This report only includes traffic stops resulting in a citation, traffic stops resulting in a citation with an arrest, traffic stops resulting in a warning with an arrest and field interviews that resulted in an arrest.

Number of Motor Vehicle Stops	
2294	Citations only
0	Arrest only
179	Citations and Arrests
4.	<u>2473</u> Total
Race or Ethnicity	
192	African
39	Asian
1989	Caucasian
228	Hispanic
18	Middle Eastern
7	Native American
0	Other
0	Unknown
11.	<u>2473</u> Total
Race or Ethnicity known prior to stop?	
86	Yes
2387	No
14.	<u>2473</u> Total
Search conducted?	
62	Yes
2411	No
17.	<u>2473</u> Total
Was search consented?	
20	Yes
42	No
20.	<u>62</u> Total



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Finance

Contact: Junru Roland, ACM/CFO

Agenda Item: Presentation by Belt Harris Pechacek, LLP of the City's Comprehensive Annual Financial Report (CAFR) as of September 30, 2015; and Council's acknowledgment of receipt of the CAFR.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: As required by state statute, an independent audit has been completed by the CPA firm of Belt Harris Pechacek, LLP, for the fiscal year ended September 30, 2015. At the end of an audit, Generally Accepted Auditing Standards mandate that auditors must express an opinion on the financial records. For FY15, the City received an unmodified opinion from the auditors – which is the highest form of assurance that our financial statements “give a true and fair view” of the City’s financial position.

Pursuant to Section 103.003 of the Texas Local Government Code, the annual financial statements, including the auditor’s opinion must be filed with the City Secretary within 180 days after the last day of the fiscal year (September 30, 2015). The CAFR, which includes the auditor’s opinion, will be presented to the Mayor and City Council; and to the City Clerk for filing.

Stephanie Harris, from Belt Harris Pechacek, LLP will present the report. A scanned version of the CAFR is included for your review. I will also have hard copies available for you at the council meeting.

Funding Expected: Revenue ___ Expenditure ___ N/A ___ **Budgeted Item:** Yes ___ No ___ N/A ___

Account Number: _____ **Amount:** _____

Legal Review Required: N/A ___ Required ___ **Date Completed:** _____

Supporting documents attached:

- Auditor Disclosure Letter
 - FY15 CAFR
 - Single Audit Reports
-

Recommendation: Move to acknowledge receipt of the 2015 Comprehensive Annual Financial Report.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager



Required Auditor Disclosure Letter

February 4, 2016

To the Honorable Mayor and
City Council Members of the
City of Alvin, Texas:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Alvin, Texas (the "City"), as of and for the year ended September 30, 2015, and have issued our report thereon dated February 4, 2016. Professional standards require that we provide the City Council (the "governing body") with the following information related to our audit.

I. Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 13, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with the governing body's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve the governing body or management of its responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

II. Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to the governing body in our engagement letter dated February 13, 2015.

III. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. As described in the notes to the financial statements, the City changed accounting policies related to accounting for pension benefits by adopting Governmental Accounting Standards Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of activities. We noted no

transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) and the Texas Emergency Services Retirement System (TESRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the City to TMRS and TESRS.

- C. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term debt in the financial statements is significant to financial statement users because it discloses the City's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures.

4. Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 4, 2016.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

IV. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other supplementary information, which accompanies the financial statements but is not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Mayor, City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: *City of Alvin, Texas*
 Engagement: *4.1 - Alvin 09/30/15*
 Period Ending: *9/30/2015*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - AJE Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
To record PEG receivable			
130-101075	Accounts Receivable	14,703.12	
130-400340	Franchise - Cable		8,447.12
130-402165	SWB PEG Fees		6,256.00
Total		<u><u>14,703.12</u></u>	<u><u>14,703.12</u></u>
Adjusting Journal Entries JE # 2			
To reclass portion of interest payment recognized in principal.			
411-4001-00-5002	Interest Debt Payments	3,600.00	
411-4001-00-5001	Principal Debt Payments		3,600.00
Total		<u><u>3,600.00</u></u>	<u><u>3,600.00</u></u>
Adjusting Journal Entries JE # 3			
To accrue interest on Series 2015 bonds.			
211-9002-00-5002	Interest Debt Payments	116,019.55	
211-204700	Accrued Bond Interest Payable		116,019.55
Total		<u><u>116,019.55</u></u>	<u><u>116,019.55</u></u>
Adjusting Journal Entries JE # 4			
To recognize current year amortization of Series 2013 Deferred Loss.			
211-9002-00-5004	Bond Issuance Costs	15,337.29	
211-202517	Deferred Loss on Refunding 2013		15,337.29
Total		<u><u>15,337.29</u></u>	<u><u>15,337.29</u></u>
Adjusting Journal Entries JE # 5			
To reclass principal and interest related to 2014 motor cycle lease.			
111-3501-00-5001	Principal Debt Payments	11,402.57	
111-3501-00-5002	Interest Debt Payments	1,597.43	
111-3501-00-3100	Contract Services		13,000.00
Total		<u><u>13,000.00</u></u>	<u><u>13,000.00</u></u>
Adjusting Journal Entries JE # 6			
To reclass bond issuance costs netted against bond premium for the new Series 2015 issuance and to recognize current year amortization of the premium.			
211-204912	Unamortized Premium - 2015 WS	18,376.70	
211-9002-00-5004	Bond Issuance Costs	100,778.24	
211-204912	Unamortized Premium - 2015 WS		100,778.24
211-9002-00-5004	Bond Issuance Costs		18,376.70
Total		<u><u>119,154.94</u></u>	<u><u>119,154.94</u></u>
Adjusting Journal Entries JE # 7			

Client: **City of Alvin, Texas**
 Engagement: **4.1 - Alvin 09/30/15**
 Period Ending: **9/30/2015**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - AJE Report**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
To reverse client's NPO journal entry and NPO will be restated per GASB 68.			
211-200032	Net Pension Obligation Payable	3,430.00	
213-200031	Net Pension Liability Payable	2,834.00	
611-200032	Net Pension Obligation Payable	478.00	
613-200032	Net Pension Obligation Payable	297.00	
211-6001-00-1020	Pension Expense		838.00
211-6002-00-1020	Pension Expense		1,026.00
211-6003-00-1020	Pension Expense		556.00
211-6004-00-1020	Pension Expense		575.00
211-6005-00-1020	Pension Expense		399.00
211-6007-00-1020	Pension Expense		36.00
213-3503-00-1020	Pension Expense		2,834.00
611-8001-00-1020	Pension Expense		478.00
613-2505-00-1020	Pension Expense		297.00
Total		7,039.00	7,039.00

Adjusting Journal Entries JE # 8

GASB68 Entry 1: To restate net position to recognize NPL.

211-200032	Net Pension Obligation Payable	162,150.74	
211-202518	Def. Out. - Contributions After Msmt Date	135,022.92	
211-303300	Unrestricted Net Assets	921,019.92	
213-200031	Net Pension Liability Payable	147,325.74	
213-202518	Def. Out. - Contributions After Msmt Date	122,678.18	
213-300000	Fund Balance	836,813.58	
611-200032	Net Pension Obligation Payable	21,932.69	
611-202518	Def. Out. - Contributions After Msmt Date	18,263.35	
611-300000	Fund Balance	124,578.18	
613-200032	Net Pension Obligation Payable	7,913.01	
613-202518	Def. Out. - Contributions After Msmt Date	6,589.16	
613-300000	Fund Balance	44,946.08	
211-200032	Net Pension Obligation Payable		1,056,042.87
211-303300	Unrestricted Net Assets		162,150.74
213-200031	Net Pension Liability Payable		959,491.73
213-300000	Fund Balance		147,325.74
611-200032	Net Pension Obligation Payable		142,841.53
611-300000	Fund Balance		21,932.69
613-200032	Net Pension Obligation Payable		51,535.24
613-300000	Fund Balance		7,913.01
Total		2,549,233.55	2,549,233.55

Adjusting Journal Entries JE # 9

GASB68 Entry 2: To reverse prior year def. outflows - contributions after measurement date.

211-6001-00-1020	Pension Expense	33,458.01	
211-6002-00-1020	Pension Expense	39,188.54	
211-6003-00-1020	Pension Expense	22,874.17	
211-6004-00-1020	Pension Expense	22,332.85	

Client: *City of Alvin, Texas*
 Engagement: *4.1 - Alvin 09/30/15*
 Period Ending: *9/30/2015*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - AJE Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
211-6005-00-1020	Pension Expense	15,707.94	
211-6007-00-1020	Pension Expense	1,461.41	
213-3503-00-1020	Pension Expense	122,678.15	
611-8001-00-1020	Pension Expense	18,263.35	
613-2505-00-1020	Pension Expense	6,589.16	
211-202518	Def. Out. - Contributions After Msmt Date		135,022.92
213-202518	Def. Out. - Contributions After Msmt Date		122,678.15
611-202518	Def. Out. - Contributions After Msmt Date		18,263.35
613-202518	Def. Out. - Contributions After Msmt Date		6,589.16
Total		282,553.58	282,553.58

Adjusting Journal Entries JE # 10

GASB68 Entry 3: To recognize current year pension expense, amortization, and net effect on NPL.

211-200032	Net Pension Obligation Payable	29,641.65	
211-202519	Def. Out. - Diff. in Proj. and Act.	60,504.75	
211-202520	Def. Inf. - Diff. in Exp. and Act.	15,535.61	
213-200031	Net Pension Liability Payable	24,472.92	
213-202519	Def. Out. - Diff. in Proj. and Act.	49,954.33	
213-202520	Def. Inf. - Diff. in Exp. and Act.	12,826.61	
213-3503-00-1020	Pension Expense	9,990.85	
213-3503-00-1020	Pension Expense	131,143.13	
611-200032	Net Pension Obligation Payable	4,109.81	
611-202519	Def. Out. - Diff. in Proj. and Act.	8,389.00	
611-202520	Def. Inf. - Diff. in Exp. and Act.	2,154.02	
611-8001-00-1020	Pension Expense	1,677.80	
611-8001-00-1020	Pension Expense	22,023.30	
613-200032	Net Pension Obligation Payable	1,540.30	
613-202519	Def. Out. - Diff. in Proj. and Act.	3,144.10	
613-202520	Def. Inf. - Diff. in Exp. and Act.	807.30	
613-2505-00-1020	Pension Expense	628.82	
613-2505-00-1020	Pension Expense	8,254.07	
211-202519	Def. Out. - Diff. in Proj. and Act.		12,100.93
211-202520	Def. Inf. - Diff. in Exp. and Act.		64,943.68
211-6001-00-1020	Pension Expense		7,096.20
211-6002-00-1020	Pension Expense		8,311.61
211-6003-00-1020	Pension Expense		4,851.45
211-6004-00-1020	Pension Expense		4,736.64
211-6005-00-1020	Pension Expense		3,331.54
211-6007-00-1020	Pension Expense		309.96
213-202519	Def. Out. - Diff. in Proj. and Act.		9,990.85
213-202520	Def. Inf. - Diff. in Exp. and Act.		53,619.22
213-3503-00-1020	Pension Expense		12,826.61
213-3503-00-1020	Pension Expense		151,951.16
611-202519	Def. Out. - Diff. in Proj. and Act.		1,677.80
611-202520	Def. Inf. - Diff. in Exp. and Act.		9,004.45
611-8001-00-1020	Pension Expense		2,154.02
611-8001-00-1020	Pension Expense		25,517.66
613-202519	Def. Out. - Diff. in Proj. and Act.		628.82

Client: *City of Alvin, Texas*
 Engagement: *4.1 - Alvin 09/30/15*
 Period Ending: *9/30/2015*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - AJE Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
613-202520	Def. Inf. - Diff. in Exp. and Act.		3,374.76
613-2505-00-1020	Pension Expense		807.30
613-2505-00-1020	Pension Expense		9,563.71
Total		<u>386,798.37</u>	<u>386,798.37</u>

Adjusting Journal Entries JE # 11

GASB68 Entry 4: To recognize current year def. out. - contributions after msmt date.

211-202518	Def. Out. - Contributions After Msmt Date	135,882.94	
213-202518	Def. Out. - Contributions After Msmt Date	112,188.55	
611-202518	Def. Out. - Contributions After Msmt Date	18,840.20	
613-202518	Def. Out. - Contributions After Msmt Date	7,061.08	
211-6001-00-1020	Pension Expense		33,671.11
211-6002-00-1020	Pension Expense		39,438.15
211-6003-00-1020	Pension Expense		23,019.87
211-6004-00-1020	Pension Expense		22,475.10
211-6005-00-1020	Pension Expense		15,807.99
211-6007-00-1020	Pension Expense		1,470.72
213-3503-00-1020	Pension Expense		112,188.55
611-8001-00-1020	Pension Expense		18,840.20
613-2505-00-1020	Pension Expense		7,061.08
Total		<u>273,972.77</u>	<u>273,972.77</u>

Adjusting Journal Entries JE # 12

To recognize capital contribution for CDBG (fund 215) sewer rehab.

211-105200	Improvements	1,143,300.54	
211-406075	Contribution Of Capital Assets		1,143,300.54
Total		<u>1,143,300.54</u>	<u>1,143,300.54</u>

Adjusting Journal Entries JE # 13

To adjust fund 215 grant receivable and accounts payable for client entry that reversed balance.

215-101077	Grant Proceeds Receivable	24,659.77	
215-200005	Accounts Payable		24,659.77
Total		<u>24,659.77</u>	<u>24,659.77</u>

Adjusting Journal Entries JE # 14

To reclass sewer rehab (CDBG Rd 2.2) expenditures recognized under SCADA expenditure account.

215-6002-00-9055	Sewer Rehab	262,703.33	
215-6001-00-9005	SCADA		262,703.33
Total		<u>262,703.33</u>	<u>262,703.33</u>

Adjusting Journal Entries JE # 15

To reverse client entry to expense items that were capitalized for painting and roof repair.

Client: *City of Alvin, Texas*
 Engagement: *4.1 - Alvin 09/30/15*
 Period Ending: *9/30/2015*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.06 - AJE Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
213-105900	Accumulated Depreciation	501.60	
213-3503-00-4100	Building & Property	18,056.04	
233-3501-00-4100	Building & Property	11,081.00	
213-105200	Improvements		18,056.04
213-3503-00-6100	Depreciation Expense		501.60
233-105200	Improvements		11,081.00
Total		<u>29,638.64</u>	<u>29,638.64</u>

Adjusting Journal Entries JE # 16

To adjust transfers between Fund 802 and Fund 804

802-8501-00-3105	RD Authority Payments	4,557.57	
802-203691	Due to other funds		4,557.57
Total		<u>4,557.57</u>	<u>4,557.57</u>

Adjusting Journal Entries JE # 17

To adjust CD accrued interest

211-100037	Investments CD	3,027.28	
312-404000	Interest Income	3,027.28	
211-404000	Interest Income		3,027.28
312-100037	Investment - CD's		3,027.28
Total		<u>6,054.56</u>	<u>6,054.56</u>

Adjusting Journal Entries JE # 18

To adjust allowance for uncollectible in water and sewer fund and sanitation fund.

211-402160	Water Revenue	22,120.57	
212-402095	Garbage Fees - Residential	6,402.96	
211-101190	Allowance For Uncollectibles		22,120.57
212-101190	Allowance For Uncollectibles		6,402.96
Total		<u>28,523.53</u>	<u>28,523.53</u>

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF ALVIN, TEXAS

**For the Year Ended
September 30, 2015**

Official Issuing Report:

**Junru Roland
Chief Financial Officer**

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CITY OF ALVIN, TEXAS

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INTRODUCTORY SECTION



CITY OF ALVIN

216 West Sealy Street ♦ Alvin, Texas 77511 ♦ (281) 388-4212 ♦ FAX (281) 331-7215

February 4, 2016

Honorable Mayor, Members of City Council, and Citizens of the City of Alvin, Texas:

The Comprehensive Annual Financial Report (“CAFR”) of the City of Alvin, Texas (the “City”) for the fiscal year ended September 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

In developing and evaluating the City’s accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City’s current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City’s charter, the financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended September 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City’s financial statements for fiscal year ended September 30, 2015 are presented in conformity with generally accepted accounting principles (“GAAP”).

The CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter and the City’s organizational chart. The financial section includes the auditors’ report on the financial statements, a narrative introduction, overview and analysis required by GAAP in the form of the Management’s Discussion and Analysis (“MD&A”), the basic financial statements, fund financial statements, and combining and individual financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors. The statistical section includes selected unaudited financial and demographic information generally presented on a multi-year basis.

PROFILE OF THE GOVERNMENT

The City of Alvin is located in the southern part of Texas, which is considered to be one of the fastest growing areas of the state. The City occupies an area of approximately 15 square miles and services a population of 24,236, per the 2010 census. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing body consisting of the Mayor and seven council members. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the government's manager and attorney. The governing body also approves the selection of department heads. The government's manager is responsible for carrying out the policies and ordinances of the governing body and for overseeing the day-to-day operations of the government. The council is elected on a non-partisan basis. Council members serve three-year staggered terms. The mayor is elected to serve a three-year term. Five of the council members are elected by single member districts. The Mayor and two remaining council members are elected at large.

The City provides a full range of services including police and fire protection, the construction and maintenance of streets and other infrastructure, tourism, economic development, engineering services, and recreational activities. Through enterprise fund operations, the government also provides EMS, water and sewer service and sanitation service.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriation to the City Manager each year in June. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the council for review by July 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 15, fifteen days prior to the close of the fiscal year on September 30. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department with approval from the City Manager. Supplemental appropriations for departments, however, require the special approval of the governing body. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

For the general fund, this comparison is presented on page 89 as part of the Required Supplemental Information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 99.

ECONOMIC CONDITION AND OUTLOOK

"A city government with individuals who, through cooperation, teamwork and pride, serve to provide the highest level of service to its community." This mission statement is what guides the city staff as they go about working for the community. Our strategic partners, from the public to private sector are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community. Continued park improvements such as the addition of new, permanent restroom facilities at National Oak Park scheduled for construction in 2016, and the installation of fencing and amenities for the Dog Park at Briscoe Park have been significant additions for our community. The City continues to work with Sunrise Rotary to implement improvements at Briscoe Park which will benefit the 3rd Annual Spring Rotary BBQ Cook-off and Music Festival. This event brings thousands to the City of Alvin over the two-day period. Additionally, the City is entering the

second year of a three year capital project to make roadway improvements. In FY15, improvements were made to 30 streets covering five miles. In FY16, another 5 miles of roadways will be improved.

The community is gaining momentum and many exciting things are underway. Alvin has over a dozen commercial/retail projects in the works including the proposed 22,000 square foot Nissan auto dealership.

On the commercial/retail front, Memorial Herman Medical Group opened new physicians' offices along with the new Starbucks, and Sport Clips. Additionally, Aldi's grocery store opened next to Whataburger. Heritage South, the \$80 million dollar commercial, retail, and residential master planned project closed on a piece of property for the new AMOCO Federal Credit Union and has another 2.5 acre tract under contract for a retail center. A new Burger King and C-Store has been permitted on the northwest corner of By-pass 35 and State Highway 6. Alvin ISD will open the Bill Hassey Primary School on House Street in fall of 2016 and will begin construction on the new Alvin ISD Agriculture Center next to Fairway Middle School.

In 2015 there were 177 new residential permits for construction. The value for new residential permits equaled \$28 million. The value for commercial and residential repairs/additions/etc. doubled to \$4.9 million. In addition, new commercial permits grew by 500% totaling \$24 million in value. All subdivisions are expanding and two of them are planning new sections to be developed.

MAJOR INITIATIVES

The 2035 Comprehensive Plan serves as a roadmap for projects and currently the City is addressing some of those initiatives. Current projects include, but are not limited to; a Thoroughfare Plan, a Growth, Sequencing, and Annexation Plan, Utility Master Plan, a Tree Ordinance, a Neighborhood Outreach Program, a Subdivision Ordinance, a Dangerous Building Ordinance, and a Parks Standards Manual. All of these efforts will continue to provide the services and quality of life issues that bring new residents to the community.

The City has implemented and began meeting with the Downtown Improvement Task Force. The main objective of the task force, but not restricted, is to review case studies of successful downtown revitalization projects of similar scope and size, review existing conditions, identify stakeholder priorities, and develop a vision that includes potential projects for the community to implement. The desire to revitalize the downtown area was identified in the 2035 Comprehensive Plan. The "Quality of Place" goal was also included in the Economic Development Strategic Plan adopted in October of 2014.

RELEVANT FINANCIAL POLICIES

It is policy and the goal of the City to achieve and maintain an unassigned general fund balance equal to 25% of expenditures. The City considers a balance of less than \$1,500,000 to be cause for concern, barring unusual or deliberate circumstances. Also, it is the goal of the City to achieve and maintain an unassigned general debt service fund balance equal to 50% of annual debt payments.

AWARDS AND ACKNOWLEDGEMENTS

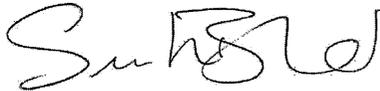
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2014. This was the thirtieth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as a policy document, a financial plan, an operations guide and as a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Alvin's finances.

Respectfully submitted,

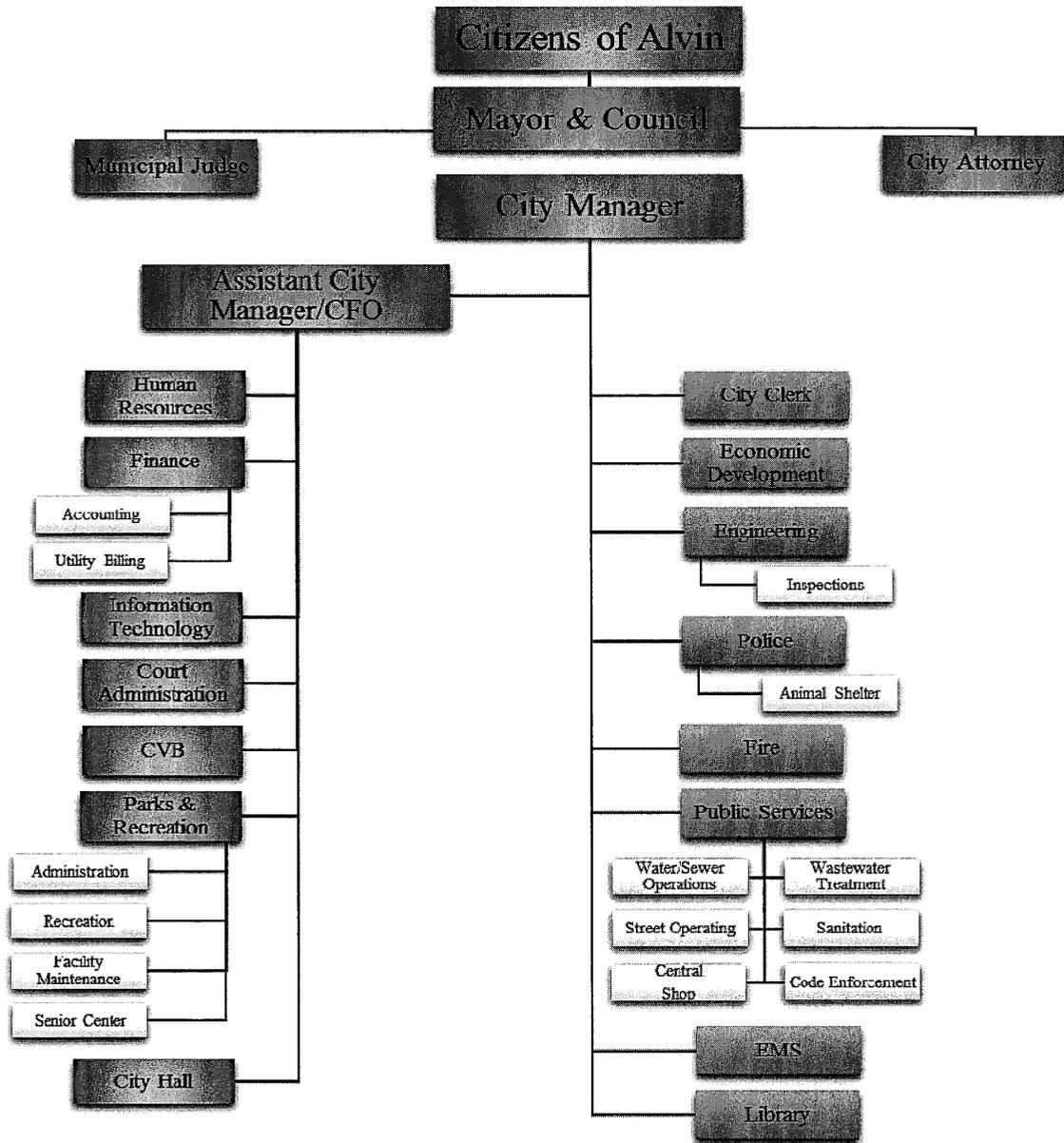
A handwritten signature in black ink, appearing to read "Sereniah Breland". The signature is fluid and cursive, with the first name being the most prominent.

Sereniah Breland
City Manager

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2015



CITY OF ALVIN, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

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

Presented to

**City of Alvin
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Paul Horn	Mayor	2017
Scott Reed	Council Member - District A	2016
Adam Arendell	Council Member - District B	2018
Keith Thompson	Council Member - District C	2018
Roger E. Stuksa	Council Member - District D	2016
Gabe Adame	Council Member - District E	2017
Brad Richards	Council Member - At Large 1	2018
Terry Droege	Council Member - At Large 2	2016

<u>Key Staff</u>	<u>Position</u>
Sereniah Breland	City Manager
Dixie Roberts	City Clerk
Junru Roland	Chief Financial Officer
Donna Starkey	Municipal Court Judge
Bobbi Kacz	City Attorney
Rex Klesel	Fire Chief
Brian Smith	Director of Public Services
Michelle H. Segovia	City Engineer
Robert Lee	Police Chief
Dan Kelinske	Director of Parks & Recreation
Ron Schmitz	EMS Director
Larry Buehler	Director of Economic Development

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Alvin, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 City'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 City'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.

Partners

Robert Belt, CPA
Stephanie E. Harris, CPA
Nathan Krupke, CPA

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13

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of the City's proportionate share of the net pension liability, and schedules of contributions, identified as Required Supplementary Information on 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's basic financial statements. The introductory section, combining statements and schedules, other statements, and statistical section, as noted on the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules and other statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the combining statements and schedules and other statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 4, 2016

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City into two classes of activities:

1. Governmental Activities – Most of the City's basic services are reported here including police and fire protection, municipal court, streets, drainage, leisure services, community development, and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. Business-Type Activities – Services involving a fee for those services are reported here. These services include the City's water and sewer services, solid waste collection, and emergency medical services.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

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

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

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund (considered a nonmajor fund for reporting purposes, but the City has elected to present as major due to its significance), and the sales tax capital projects fund, which are considered to be major funds.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, sanitation, and emergency medical services. The proprietary fund financial statements provide separate information for the water and sewer system, sanitation, and emergency medical services. The proprietary basic fund financial statements can be found in the basic financial statements of this report.

The City also uses internal service funds to account for its central shop, vehicle replacement, IT maintenance, and computer replacement services. These internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, schedule of the City's proportionate share of the net pension liability – Texas Emergency Services Retirement System, and schedules of contributions for both the Texas Municipal Retirement System and the Texas Emergency Services Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities by \$65,943,942 as of September 30, 2015. The largest portion of the City's net position, 67 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 18,923,696	\$ 16,526,411	\$ 24,900,610	\$ 13,964,332	\$ 43,824,306	\$ 30,490,743
Capital assets, net	36,650,256	37,060,472	30,396,561	27,912,858	67,046,817	64,973,330
Total Assets	<u>55,573,952</u>	<u>53,586,883</u>	<u>55,297,171</u>	<u>41,877,190</u>	<u>110,871,123</u>	<u>95,464,073</u>
Deferred outflows - pensions	1,394,857	1,037,979	336,439	257,701	1,731,296	1,295,680
Deferred charge on refundings	191,851	204,642	752,367	804,570	944,218	1,009,212
Total Deferred Outflows of Resources	<u>1,586,708</u>	<u>1,242,621</u>	<u>1,088,806</u>	<u>1,062,271</u>	<u>2,675,514</u>	<u>2,304,892</u>
Long-term liabilities	17,100,190	18,642,052	26,321,992	17,470,573	43,422,182	36,112,625
Other liabilities	1,652,446	1,103,736	1,986,991	1,554,249	3,639,437	2,657,985
Total Liabilities	<u>18,752,636</u>	<u>19,745,788</u>	<u>28,308,983</u>	<u>19,024,822</u>	<u>47,061,619</u>	<u>38,770,610</u>
Deferred inflows - pensions	450,875	-	90,201	-	541,076	-
Total Deferred inflows of Resources	<u>450,875</u>	<u>-</u>	<u>90,201</u>	<u>-</u>	<u>541,076</u>	<u>-</u>
Net Position:						
Net investment in capital assets	27,992,273	27,186,272	16,159,516	13,841,547	44,151,789	41,027,819
Restricted	8,024,520	7,224,941	-	-	8,024,520	7,224,941
Unrestricted	1,940,356	672,503	11,827,277	10,073,092	13,767,633	10,745,595
Total Net Position	<u>\$ 37,957,149</u>	<u>\$ 35,083,716</u>	<u>\$ 27,986,793</u>	<u>\$ 23,914,639</u>	<u>\$ 65,943,942</u>	<u>\$ 58,998,355</u>

A portion of the City's net position, \$8,024,520 or 12 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$13,767,633 or 21 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$6,945,587 as compared to the prior year. This increase is the result of multiple factors. Operating and capital grants and contributions revenue increased compared to the prior year as a result of new grant related projects. The City also received capital contributions of \$2.4 million from an agreement with a developer in which the developer constructed and financed water and wastewater facilities to serve a municipal utility district. Upon completion, ownership, operation, and maintenance was transferred to the City. Property taxes increased as the result of an increase in the assessed property values. Sales tax revenues increased as a result of improved economic conditions within the City. Payments in lieu of taxes increased as a result of a new agreement. Charges for services increased due to increase in permit fee revenues, EMS service fee revenues, and an increase in water and sewer rates.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

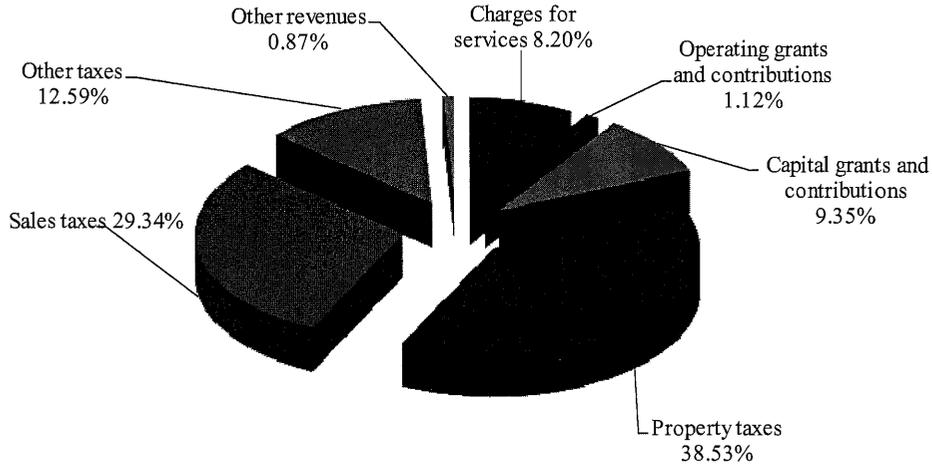
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 1,803,847	\$ 1,515,565	\$ 12,126,715	\$ 11,010,701	\$ 13,930,562	\$ 12,526,266
Operating grants and contributions	247,358	125,138	294,123	230,308	541,481	355,446
Capital grants and contributions	2,056,883	1,785,962	2,373,890	-	4,430,773	1,785,962
General revenues:						
Property taxes	8,480,190	8,187,335	-	-	8,480,190	8,187,335
Sales taxes	6,457,416	6,188,081	-	-	6,457,416	6,188,081
Other taxes	2,769,797	2,369,728	-	-	2,769,797	2,369,728
Other revenues	191,420	62,629	36,197	30,163	227,617	92,792
Total Revenues	22,006,911	20,234,438	14,830,925	11,271,172	36,837,836	31,505,610
Expenses						
General government	4,631,429	4,302,665	-	-	4,631,429	4,302,665
Public safety	7,851,334	7,371,478	-	-	7,851,334	7,371,478
Public services	1,787,338	1,357,311	-	-	1,787,338	1,357,311
Community services	2,648,239	3,109,731	-	-	2,648,239	3,109,731
Culture, parks, and recreation	1,678,632	1,554,800	-	-	1,678,632	1,554,800
Interest and fiscal agent fees	275,210	317,321	-	-	275,210	317,321
Water and sewer	-	-	6,939,946	5,386,508	6,939,946	5,386,508
Sanitation	-	-	2,254,148	2,150,276	2,254,148	2,150,276
EMS	-	-	1,825,973	1,656,281	1,825,973	1,656,281
Total Expenses	18,872,182	18,013,306	11,020,067	9,193,065	29,892,249	27,206,371
Increase in Net Position Before Transfers	3,134,729	2,221,132	3,810,858	2,078,107	6,945,587	4,299,239
Transfers in (out)	(261,296)	(10,030)	261,296	10,030	-	-
Change in Net Position	2,873,433	2,211,102	4,072,154	2,088,137	6,945,587	4,299,239
Beginning net position	35,083,716	32,872,614	23,914,639	21,826,502	58,998,355	54,699,116
Ending Net Position	\$ 37,957,149	\$ 35,083,716	\$ 27,986,793	\$ 23,914,639	\$ 65,943,942	\$ 58,998,355

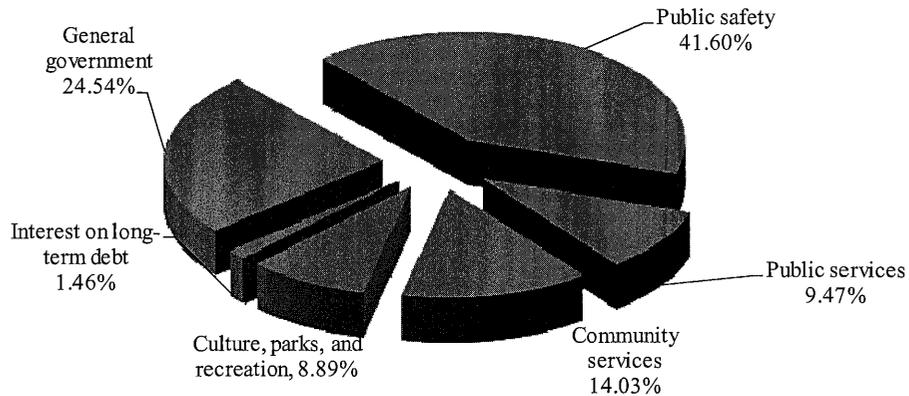
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

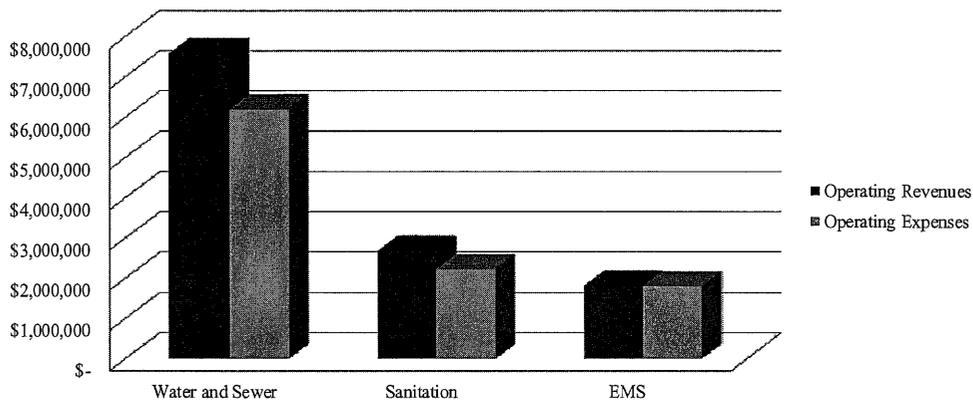
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

For the year ended September 30, 2015, revenues from governmental activities totaled \$22,006,911, which is an increase of \$1,772,473 from last year. This is primarily due to an increase in grant revenues, property taxes, payments in lieu of taxes, and sales tax revenues.

For the year ended September 30, 2015, expenses for governmental activities totaled \$18,872,182. Overall governmental expenses increased by \$858,876 due to increase in personnel costs, group insurance, contract services, and maintenance projects.

The net position before transfers for business-type activities increased \$3,810,858 compared to the prior year. This was primarily due to a \$2.4 million capital contribution from a developer as previously noted and an increase in water and sewer rates. These increases in revenue were partially offset by an increase in expenses related to an increase in contracted services from a water meter replacement program.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

The City's governmental funds reflect a combined fund balance of \$14,684,212. Of this, \$47,391 is nonspendable, \$8,024,520 is restricted for various purposes, and \$1,339,807 is assigned for various projects. The remaining balance of \$5,272,494 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$1,367,554 compared to the prior year, due mainly to increases in property tax, sales tax, payments in lieu of taxes, licenses and permits, intergovernmental and franchise tax revenue. Expenditures decreased compared to prior year mainly due to decrease in capital expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$5,272,494, while total fund balance reached \$6,042,924. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37 percent of total general fund expenditures while total fund balance represents 43 percent of the same amount. The general fund demonstrated an overall increase of \$560,665 due mainly to increases in property tax, sales tax, payments in lieu of taxes, licenses and permits, intergovernmental and franchise tax revenue.

The debt service fund has a total fund balance of \$74,833, all of which is restricted for the payment of debt service. The net decrease in fund balance during the year was \$4,561. This decrease can be attributed to the debt service expenditures in excess of property tax collections.

The sales tax capital projects fund recorded an increase of \$675,111 in fund balance. This is primarily due to an increase in sales tax revenue, grant revenues and decreases in expenditures related to repairs, maintenance and capital projects.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Proprietary Funds – The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$214,181 in the general fund. However, the net change in fund balance increased by \$560,665, resulting in a positive variance of \$774,846 from budgeted as amended over actual. This was mainly due to less expenditures than anticipated across all functions.

Actual general fund revenues were more than original and amended budgeted revenues by \$323,272 during 2015. This is mainly due to higher revenues from grant revenues and licenses and permits than anticipated.

Actual expenditures were less than budgeted amounts by \$436,832 for the fiscal year. The greatest positive variances were in the finance, public safety, public services, and culture, parks, and recreation departments.

CAPITAL ASSETS

At the end of the current year, the City's governmental and business-type activities had invested \$67,046,817 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$2,073,487.

Major capital asset events during the current year include the following:

- Purchase of land for \$227,291
- Received federally contributed BAE tactical vehicle for \$200,000
- Received federally contributed BAE tactical vehicle –Police for \$230,363
- Received developer contributed Kendall Lakes water and wastewater facilities of \$2,373,890
- Completion of wastewater treatment rehabilitation for \$1,215,630
- Completion of the surface and road construction for \$196,691
- Completion of the Kost detention pond for \$172,211
- Completion of the water well 3 and 6 improvement for \$160,771
- Purchase of a Kasel trailer for field kitchen for \$145,000
- Purchase of a Chevy ambulance for \$138,100
- Purchase of ten vehicles for \$216,212

More detailed information about the City's capital assets is presented in note III. C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$32,065,006. Of this amount, \$17,705,006 was general obligation debt and certificates of obligation accounted for \$14,360,000.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Current underlying ratings on debt issues are as follows:

	Moody's Investors Services	Standard and Poor's
Tax and revenue certificates of obligation	Aa3	AA
General obligation bonds	Aa3	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a fiscal year 2015-2016 expenditure budget of \$38,188,568, which is an increase of 5.82 percent from the prior year budget. The City budgeted for fiscal year 2015-2016 revenues of \$35,165,749, which is an increase of 1.73 percent from the prior year budget. The 2015 certified taxable value is \$1,087,861,264, an increase of 8.13 percent from the previous year. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2015-2016 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Junru Roland, Chief Financial Officer, 216 West Sealy, Alvin, Texas 77511.

BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 14,833,182	\$ 10,943,839	\$ 25,777,021
Investments	747,787	500,582	1,248,369
Receivables, net of allowances	3,259,649	2,946,683	6,206,332
Internal balances	93	(93)	-
Inventory	35,915	99,363	135,278
Prepays and other assets	47,070	-	47,070
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	10,410,236	10,410,236
	18,923,696	24,900,610	43,824,306
Capital assets:			
Non-depreciable capital assets	5,004,368	1,526,367	6,530,735
Depreciable capital assets, net	31,645,888	28,870,194	60,516,082
	36,650,256	30,396,561	67,046,817
Total Assets	55,573,952	55,297,171	110,871,123
Deferred Outflows of Resources			
Deferred outflows - TMRS	1,298,257	336,439	1,634,696
Deferred outflows - TESRS	96,600	-	96,600
Deferred charge on refunding	191,851	752,367	944,218
Total Deferred Outflows of Resources	1,586,708	1,088,806	2,675,514
Liabilities			
Accounts payable and accrued liabilities	1,590,449	1,745,182	3,335,631
Accrued bond interest	61,997	241,809	303,806
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	545,287	69,780	615,067
Bonds payable	1,133,358	1,736,643	2,870,001
Capital leases payable	34,886	-	34,886
Portion due in more than one year:			
Compensated absences	60,587	7,754	68,341
Bonds payable (net of deferred charges)	7,401,858	22,546,395	29,948,253
Capital leases payable	402,050	-	402,050
Net pension liability - TMRS	7,114,211	1,961,420	9,075,631
Net pension liability - TESRS	407,953	-	407,953
Total Liabilities	18,752,636	28,308,983	47,061,619
Deferred Inflows of Resources			
Deferred inflows - TMRS	348,067	90,201	438,268
Deferred inflows - TESRS	102,808	-	102,808
Total Deferred Inflows of Resources	450,875	90,201	541,076
Net Position			
Net investment in capital assets	27,992,273	16,159,516	44,151,789
Restricted for:			
Nonexpendable			
Perpetual care	50,000	-	50,000
Expendable			
Debt service	74,833	-	74,833
Enabling legislation	1,021,493	-	1,021,493
Tax increment reinvestment zone	230,599	-	230,599
Capital projects	6,647,595	-	6,647,595
Unrestricted	1,940,356	11,827,277	13,767,633
Total Net Position	\$ 37,957,149	\$ 27,986,793	\$ 65,943,942

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,631,429	\$ 345,672	\$ 213,002	\$ -
Public safety	7,851,334	1,458,175	34,356	629,309
Public services	1,787,338	-	-	1,427,574
Community services	2,648,239	-	-	-
Culture, parks, and recreation	1,678,632	-	-	-
Interest and fiscal agent fees	275,210	-	-	-
Total Governmental Activities	<u>18,872,182</u>	<u>1,803,847</u>	<u>247,358</u>	<u>2,056,883</u>
Business-Type Activities				
Water and sewer	6,939,946	7,600,692	-	2,373,890
Sanitation	2,254,148	2,694,269	-	-
EMS	1,825,973	1,831,754	294,123	-
Total Business-Type Activities	<u>11,020,067</u>	<u>12,126,715</u>	<u>294,123</u>	<u>2,373,890</u>
Total Primary Government	<u>\$ 29,892,249</u>	<u>\$ 13,930,562</u>	<u>\$ 541,481</u>	<u>\$ 4,430,773</u>

General Revenues:

- Property taxes
- Sales taxes
- Franchise fees and taxes
- Other taxes
- Investment revenue
- Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (4,072,755)	\$ -	\$ (4,072,755)
(5,729,494)	-	(5,729,494)
(359,764)	-	(359,764)
(2,648,239)	-	(2,648,239)
(1,678,632)	-	(1,678,632)
(275,210)	-	(275,210)
<u>(14,764,094)</u>	<u>-</u>	<u>(14,764,094)</u>
-	3,034,636	3,034,636
-	440,121	440,121
-	299,904	299,904
<u>-</u>	<u>3,774,661</u>	<u>3,774,661</u>
<u>(14,764,094)</u>	<u>3,774,661</u>	<u>(10,989,433)</u>
8,480,190	-	8,480,190
6,457,416	-	6,457,416
1,783,552	-	1,783,552
986,245	-	986,245
30,686	23,756	54,442
160,734	12,441	173,175
(261,296)	261,296	-
<u>17,637,527</u>	<u>297,493</u>	<u>17,935,020</u>
2,873,433	4,072,154	6,945,587
<u>35,083,716</u>	<u>23,914,639</u>	<u>58,998,355</u>
<u>\$ 37,957,149</u>	<u>\$ 27,986,793</u>	<u>\$ 65,943,942</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 5,323,383	\$ 74,584	\$ 5,170,638	\$ 1,995,152
Investments	-	-	747,787	-
Receivables, net	1,490,333	59,878	1,208,493	484,275
Due from other funds	-	-	-	4,558
Prepaid items	47,070	-	-	-
Inventory	321	-	-	-
Total Assets	\$ 6,861,107	\$ 134,462	\$ 7,126,918	\$ 2,483,985
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 460,893	\$ -	\$ 629,425	\$ 410,465
Due to other funds	-	-	-	4,558
Due to others	48,087	-	-	-
Total Liabilities	508,980	-	629,425	415,023
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	309,203	59,629	-	-
<u>Fund Balances</u>				
Nonspendable:				
Inventories	321	-	-	-
Prepaid items	47,070	-	-	-
Restricted for:				
Debt service	-	74,833	-	-
Perpetual care	-	-	-	50,000
Enabling legislation	-	-	-	1,021,493
Tax increment reinvestment zone	-	-	-	230,599
Capital projects	-	-	6,497,493	150,102
Assigned to:				
Permanent fund	-	-	-	433,333
Special projects	117,165	-	-	183,435
Compensated absences	605,874	-	-	-
Unassigned	5,272,494	-	-	-
Total Fund Balances	6,042,924	74,833	6,497,493	2,068,962
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,861,107	\$ 134,462	\$ 7,126,918	\$ 2,483,985

See Notes to Financial Statements.

Total

\$ 12,563,757
747,787
3,242,979
4,558
47,070
321
\$ 16,606,472

\$ 1,500,783
4,558
48,087
1,553,428

368,832

321
47,070

74,833
50,000
1,021,493
230,599
6,647,595

433,333
300,600
605,874
5,272,494
14,684,212

\$ 16,606,472

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2015

Total fund balances - total governmental funds \$ 14,684,212

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

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets, non-depreciable	5,004,368
Capital assets, net depreciable	30,230,814

Long-term liabilities, deferred outflows, and deferred inflows related to the net pension liability are deferred in the governmental funds

Net pension liability	(7,333,437)
Deferred outflows - pensions	1,359,730
Deferred inflows - pensions	(441,458)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

368,832

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

3,523,383

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(61,997)
Non-current liabilities due in one year	(1,705,541)
Non-current liabilities due in more than one year	(7,863,608)
Deferred charge on refunding	191,851

Net Position of Governmental Activities	\$ <u>37,957,149</u>
--	-----------------------------

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
Revenues				
Property taxes	\$ 6,904,625	\$ 1,438,414	\$ -	\$ 149,804
Sales taxes	2,152,900	-	4,304,516	-
Franchise fees and taxes	1,397,593	-	-	385,959
Other taxes	986,245	-	-	-
Licenses and permits	935,003	-	-	-
Fines and forfeitures	499,965	-	-	23,207
Charges for services	294,122	-	-	51,550
Intergovernmental	161,174	-	284,273	1,195,129
Investment revenue	7,526	34	11,789	9,330
Other revenue	-	-	5,346	106,973
Total Revenues	13,339,153	1,438,448	4,605,924	1,921,952
Expenditures				
Current:				
General government	3,940,333	-	-	69,569
Public safety	7,516,098	-	-	99,394
Public services	880,375	-	-	-
Community services	115,346	-	2,192,543	275,622
Culture, parks, and recreation	1,414,449	-	-	18,500
Capital outlay	142,851	-	1,308,016	1,333,407
Debt service:				
Principal	35,555	1,175,603	-	17,220
Interest and fiscal agent fees	15,203	267,406	-	2,438
Total Expenditures	14,060,210	1,443,009	3,500,559	1,816,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	(721,057)	(4,561)	1,105,365	105,802
Other Financing Sources (Uses)				
Transfers in	1,347,100	-	-	209,412
Transfers (out)	(65,378)	-	(430,254)	(178,875)
Total Other Financing Sources (Uses)	1,281,722	-	(430,254)	30,537
Net Change in Fund Balances	560,665	(4,561)	675,111	136,339
Beginning fund balances	5,482,259	79,394	5,822,382	1,932,623
Ending Fund Balances	\$ 6,042,924	\$ 74,833	\$ 6,497,493	\$ 2,068,962

See Notes to Financial Statements.

<u>Total</u>	
\$	8,492,843
	6,457,416
	1,783,552
	986,245
	935,003
	523,172
	345,672
	1,640,576
	28,679
	112,319
	<u>21,305,477</u>
	4,009,902
	7,615,492
	880,375
	2,583,511
	1,432,949
	2,784,274
	1,228,378
	285,047
	<u>20,819,928</u>
	<u>485,549</u>
	1,556,512
	(674,507)
	<u>882,005</u>
	1,367,554
	13,316,658
	<u>14,684,212</u>
\$	<u>14,684,212</u>

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

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

Net changes in fund balances - total governmental funds	\$	1,367,554
<p>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.</p>		
Capital outlay		710,665
Depreciation expense		(1,952,467)
<p>The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position.</p>		
Principal payments		1,192,824
Amortization of deferred amounts		454
Compensated absences		(79,756)
Capital lease activity		35,554
Deferred outflows - pensions		346,604
Deferred inflows - pensions		(441,458)
Net pension liability		373,133
Accrued interest		9,383
<p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p>		
		616,656
<p>Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.</p>		
		694,287
Change in Net Position of Governmental Activities	\$	2,873,433

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 8,275,640	\$ 1,661,309	\$ 1,006,890	\$ 10,943,839
Investments	500,582	-	-	500,582
Accounts receivable (net of allowance for uncollectibles)	1,044,080	325,769	1,576,834	2,946,683
Advances to other funds	-	-	-	-
Inventory	99,363	-	-	99,363
Restricted cash, cash equivalents, and investments:				
Construction	9,293,626	-	-	9,293,626
Customer deposits	1,116,610	-	-	1,116,610
Total Current Assets	20,329,901	1,987,078	2,583,724	24,900,703
Noncurrent assets				
Capital assets:				
Land	937,829	503,538	-	1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	2,928,305	2,610,608	36,879	5,575,792
Infrastructure	48,434,867	15,342	-	48,450,209
Equipment	2,215,408	-	431,817	2,647,225
Construction in progress	85,000	-	-	85,000
Less allowance for depreciation	(31,374,197)	(1,907,327)	(683,965)	(33,965,489)
Total Capital Assets (Net)	28,750,745	1,302,662	343,154	30,396,561
Total Noncurrent Assets	28,750,745	1,302,662	343,154	30,396,561
Total Assets	49,080,646	3,289,740	2,926,878	55,297,264
Deferred Outflows of Resources				
Deferred outflows - pensions	184,287	-	152,152	336,439
Deferred charge on refunding	749,014	3,353	-	752,367
Total Deferred Outflows of Resources	933,301	3,353	152,152	1,088,806

**Governmental
Activities**

**Internal
Service**

\$ 2,269,425

-

16,670

93

35,594

-

-

2,321,782

-

7,754

-

-

3,646,979

-

(2,239,659)

1,415,074

1,415,074

3,736,856

35,127

-

35,127

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS

September 30, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 393,146	\$ 195,244	\$ 40,182	\$ 628,572
Accrued interest payable	240,011	1,081	717	241,809
Bonds payable - current	1,702,438	31,415	2,790	1,736,643
Compensated absences	43,871	-	25,909	69,780
Current Liabilities Payable From Restricted Assets				
Customer deposits	1,116,610	-	-	1,116,610
Total Current Liabilities	3,496,076	227,740	69,598	3,793,414
Noncurrent liabilities				
Bonds payable, net of deferred charges	22,359,684	67,853	118,858	22,546,395
Advances from other funds	-	-	93	93
Compensated absences	4,875	-	2,879	7,754
Net pension liability	1,026,401	-	935,019	1,961,420
Total Noncurrent Liabilities	23,390,960	67,853	1,056,849	24,515,662
Total Liabilities	26,887,036	295,593	1,126,447	28,309,076
Deferred Inflows of Resources				
Deferred inflows - pensions	49,408	-	40,793	90,201
Net Position				
Net investment in capital assets	14,731,263	1,206,747	221,506	16,159,516
Unrestricted net position	8,346,240	1,790,753	1,690,284	11,827,277
Total Net Position	\$ 23,077,503	\$ 2,997,500	\$ 1,911,790	\$ 27,986,793

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 41,579

-

-

7,990

-

49,569

-

-

887

188,727

189,614

239,183

9,417

1,415,074

2,108,309

\$ 3,523,383

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Operating Revenues</u>				
Water service	\$ 3,465,496	\$ -	\$ -	\$ 3,465,496
Sewer service	3,640,730	-	-	3,640,730
Sanitation service	-	2,693,327	-	2,693,327
Emergency medical service	-	-	1,620,013	1,620,013
Charges for services	-	-	-	-
Other revenue	494,466	942	211,741	707,149
	Total Operating Revenues	2,694,269	1,831,754	12,126,715
<u>Operating Expenses</u>				
Water service	2,642,300	-	-	2,642,300
Sewer service	2,116,624	-	-	2,116,624
Sanitation service	-	2,195,179	-	2,195,179
Emergency medical service	-	-	1,785,032	1,785,032
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,465,889	55,784	36,492	1,558,165
	Total Operating Expenses	2,250,963	1,821,524	10,297,300
	Operating Income	443,306	10,230	1,829,415
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	294,123	294,123
Gain on sale of capital assets	-	-	-	-
Investment revenue	19,987	2,279	1,490	23,756
Interest and fiscal agent fees	(715,133)	(3,185)	(4,449)	(722,767)
Insurance proceeds	-	-	12,441	12,441
	Total Nonoperating Revenues (Expenses)	(906)	303,605	(392,447)
	Income Before Contributions and Transfers	442,400	313,835	1,436,968
Capital contribution	3,517,191	-	-	3,517,191
Transfers in	76,625	-	-	76,625
Transfers (out)	(691,626)	(209,279)	(57,725)	(958,630)
	Total Contributions and Transfers	(209,279)	(57,725)	2,635,186
	Change in Net Position	233,121	256,110	4,072,154
Beginning net position	19,494,580	2,764,379	1,655,680	23,914,639
	Ending Net Position	\$ 2,997,500	\$ 1,911,790	\$ 27,986,793

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ -
-
-
-
1,389,874
556,561

1,946,435

-
-
-
-
221,194
863,657
217,719

1,302,570

643,865

-
48,415
2,007
-
-

50,422

694,287

-
-
-
-

694,287

2,829,096

\$ 3,523,383

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2015

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 7,598,306	\$ 2,678,212	\$ 1,654,183	\$ 11,930,701
Payments to suppliers	(2,554,500)	(2,190,997)	(459,121)	(5,204,618)
Payments to employees	(1,802,638)	-	(1,318,067)	(3,120,705)
Net Cash Provided (Used) by Operating Activities	3,241,168	487,215	(123,005)	3,605,378
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	76,625	-	-	76,625
Transfer to other funds	(691,626)	(209,279)	(57,725)	(958,630)
Interfund loan payments	-	-	(17,559)	(17,559)
Interest paid on interfund loan	-	-	(4,449)	(4,449)
Insurance claim recovery	-	-	12,441	12,441
Subsidy from federal grant	-	-	294,123	294,123
Net Cash Provided (Used) by Noncapital Financing Activities	(615,001)	(209,279)	226,831	(597,449)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(457,337)	-	(67,338)	(524,675)
Proceeds from issuance of bonds	10,000,000	-	-	10,000,000
Interest and fiscal agent fees paid	(359,407)	(3,185)	-	(362,592)
Principal paid on capital debt	(1,421,954)	(25,531)	(4,883)	(1,452,368)
Net Cash Provided (Used) by Capital and Related Financing Activities	7,761,302	(28,716)	(72,221)	7,660,365
<u>Cash Flows from Investing Activities</u>				
Purchase of investments	(1,087)	-	-	(1,087)
Interest on investments	19,987	2,279	1,490	23,756
Net Cash Provided by Investing Activities	18,900	2,279	1,490	22,669
Net Increase in Cash and Equity in Pooled Cash and Investments	10,406,369	251,499	33,095	10,690,963
Beginning cash and equity in pooled cash and investments	8,279,507	1,409,810	973,795	10,663,112
Ending Cash and Equity in Pooled Cash and Investments	\$ 18,685,876	\$ 1,661,309	\$ 1,006,890	\$ 21,354,075
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 8,275,640	\$ 1,661,309	\$ 1,006,890	\$ 10,943,839
Restricted cash and equity in pooled cash and investments	10,410,236	-	-	10,410,236
	\$ 18,685,876	\$ 1,661,309	\$ 1,006,890	\$ 21,354,075

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,942,870
(854,416)
(228,913)

859,541

-

-

17,559

205

-

-

17,764

(419,996)

48,415

-

-

(371,581)

-

1,802

1,802

507,526

1,761,899

\$ 2,269,425

\$ 2,269,425

-

\$ 2,269,425

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2015

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 1,375,879	\$ 443,306	\$ 10,230	\$ 1,829,415
Adjustments to reconcile operating income to net cash provided (Used) by operating activities:				
Depreciation	1,465,889	55,784	36,492	1,558,165
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(49,936)	(16,057)	(177,571)	(243,564)
Deferred outflows	2,715	-	(29,474)	(26,759)
Inventories	16,895	-	-	16,895
Increase (Decrease) in Current Liabilities:				
Accounts payable	268,021	4,392	8,338	280,751
Accrued interest payable	104,669	(210)	(20)	104,439
Compensated absences	(10,280)	-	12,680	2,400
Customer deposits	47,550	-	-	47,550
Deferred inflows	49,408	-	40,793	90,201
Net pension liability	(29,642)	-	(24,473)	(54,115)
	Net Cash Provided (Used) by Operating Activities	\$ 487,215	\$ (123,005)	\$ 3,605,378
	\$ 3,241,168	\$ -	\$ -	\$ 3,517,191
Noncash investing, capital, and financing activities:				
Capital contribution	\$ 3,517,191	\$ -	\$ -	\$ 3,517,191

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 643,865

217,719

-
(10,274)
(3,565)

9,241

-
(1,212)

-
9,417
(5,650)

\$ 859,541

\$ -

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Alvin, Texas (the “City”) was incorporated on July 25, 1893 and adopted the “Home Rule Charter” on February 23, 1963, pursuant to the laws of the State of Texas, which provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The three tax increment reinvestment zones, although legally separate, are considered part of the reporting entity. The Kendall Lakes TIRZ Redevelopment Authority, although legally separate, is considered part of the reporting unit. No other entities, organizations, or functions have been included as part of the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended Component Units

Tax Increment Reinvestment Zone Number One

During fiscal year 2003, the City passed ordinances creating a tax increment reinvestment zone (“TIRZ No. 1”) in accordance with Section 311.005 of the Texas Tax Code. This entity was created

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

to provide the financing and management tool needed to facilitate development of commercial and residential sites. The TIRZ No. 1 is managed by an 11-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 1. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the commercial and residential sites completes infrastructure improvements within the TIRZ No. 1, the City takes title to the infrastructure and the TIRZ No. 1 is responsible for reimbursing the developer for the infrastructure costs.

Tax Increment Reinvestment Zone Number Two

During fiscal year 2004, the City passed an ordinance creating a tax increment reinvestment zone (“TIRZ No. 2”), in accordance with Section 311.005 of the Texas Tax Code. The entity was created to provide the financing and management tool needed to facilitate development of the Kendall Lakes area. The TIRZ No. 2 is managed by a 12-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 2. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the Kendall Lakes area completes infrastructure improvements within the TIRZ No. 2, the City takes title to the infrastructure and the TIRZ No. 2 is responsible for reimbursing the developer for the infrastructure costs.

Tax Increment Reinvestment Zone Number Three

During fiscal year 2006, the City passed an ordinance creating a tax increment reinvestment zone (“TIRZ No. 3”), in accordance with Section 311.005 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of the Savannah Plantation area. The TIRZ No. 3 is managed by an 11-member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within TIRZ No. 3. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the Savannah Plantation area completes infrastructure improvements within the TIRZ No. 3, the City takes title to the infrastructure and the TIRZ No. 3 is responsible for reimbursing the developer for the infrastructure costs.

Kendall Lakes TIRZ Redevelopment Authority

During fiscal year 2006, the City authorized the creation of the Kendall Lakes TIRZ Redevelopment Authority (the “Authority”), a public not-for-profit local government corporation organized and existing under the laws of the State of Texas. The Authority was created to aid, assist, and act on behalf of the City in performance of the City’s governmental and proprietary functions with respect to the common good and general welfare of TIRZ No. 2, including promoting, developing, encouraging and maintaining housing, employment, commerce, and economic development of the Kendall Lakes Area. The Authority Board is comprised of the same members that make up the Board for TIRZ No. 2. In the event of dissolution, all assets are to be turned over to the City for deposit into the TIRZ No. 2 fund unless City Council shall otherwise direct for a public purpose. The City, TIRZ No. 2, and the Authority entered into an agreement (the “Agreement”) authorizing the Authority to provide management and administrative functions for TIRZ No. 2, including aiding and assisting the City and TIRZ No. 2 (1) in preparation and implementation of a project plan and reinvestment zone financing plan and (2) in the development and implementation of a

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

redevelopment policy for the Kendall Lakes area, including acquisition of land, installation of infrastructure, and related public improvements. The City and TIRZ No. 2 will pay for the Authority's activities performed pursuant to the Agreement from tax increments realized in TIRZ No. 2.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public services, community services, and culture, parks, and recreation.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include hotel/motel fund, special investigation fund, court building security fund, municipal court technology fund, juvenile case manager fund, park dedication fund, donation fund, senior fund, Comcast PEG fees fund, TIRZ No. 1 fund, TIRZ No. 2 fund, TIRZ No. 3 fund, Kendall Lakes TIRZ Redevelopment Authority fund, and the CDBG disaster recovery fund. The special revenue funds are considered nonmajor funds for reporting purposes.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a nonmajor fund for reporting purposes, but the City has elected to present it as major due to its significance.

The *capital projects funds* are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The sales tax capital projects fund is considered major while the bond capital projects fund and tax note capital projects fund are considered nonmajor funds for reporting purposes.

Permanent funds are governmental funds which are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. The cemetery fund is considered a nonmajor fund for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide water and wastewater collection, wastewater treatment operations, solid waste collection and disposal, and emergency medical services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The water and sewer fund, sanitation fund, and emergency medical services fund are considered major funds for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The central shop fund is used to account for maintenance services. The vehicle replacement fund is used for the replacement of vehicles. The computer replacement fund is used to account for computer replacement services. The IT maintenance fund is used to account for maintenance services.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 City considers revenues to be available if they are 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

1. Cash and Cash Equivalents

The City maintains pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as “cash and equity in pooled cash and investments.”

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria

3. Inventories and Prepaid Items

Inventories are recorded in the general and enterprise funds, and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	4 to 50 years
Equipment	4 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Another deferral is recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time. The City records vacation as it accrues up to a maximum of 240 hours for all employees hired after October 1, 1998. Employees hired prior to October 1, 1998 are allowed to carry over vacation time ("Old Vacation Time") accumulated prior to October 1, 1998, plus vacation accumulated after October 1, 1998 up to the maximum of 240 hours plus the Old Vacation Time.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

By resolution, the Council has also authorized the City Manager and/or Finance Director as the officials authorized to assign fund balance to a specific purpose as approved by the City's fund balance policy. Assignments of fund balance by the City Manager and Finance Director do not require formal action by the City Council.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

11. 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2015. The hotel/motel fund, special investigation fund, municipal court building security fund, court technology fund, donation fund, juvenile case manager fund, senior fund, park dedication fund, Comcast PEG fees fund, TIRZ No. 1 fund, TIRZ No. 3 fund, TIRZ No. 2 fund, and the Kendall Lakes TIRZ Redevelopment Authority fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

A. Expenditures in Excess of Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
General government – economic development		\$85,418
TIRZ No. 2 Fund		
Transfers out		\$ 4,502

The budget was not amended, however, the City Council approved these expenditures as required by formally adopted contractual agreements.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,248,370	0.91
TexPool	9,910,322	0.00
TexSTAR	<u>11,560,679</u>	0.00
Total Fair Value	<u>\$ 22,719,371</u>	
Portfolio weighted average maturity		0.05

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Credit risk. The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than "AAA" or "AAA-m", or at an equivalent rating by at least one nationally recognized rating service. Investments in SEC registered and regulated money market mutual funds must have an investment quality not less than "AAA-", or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2015, the City's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2015, market values of pledged securities were \$16,238,333 and bank balances were \$16,077,064.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexSTAR

The Texas Short Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services. Finally, Standard and Poor's rates TexSTAR "AAAm".

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR are the same as the value of TexPool and TexSTAR shares.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	<u>General</u>	<u>Debt</u>		<u>Sales Tax</u>		<u>Total</u>
		<u>Service</u>	<u>Capital</u>	<u>Projects</u>	<u>Nonmajor</u>	
Property taxes	\$ 431,808	\$ 96,969	\$ -	\$ -	\$ -	\$ 528,777
Sales taxes	368,190	-	736,159	-	-	1,104,349
Franchise taxes	381,286	-	-	-	-	381,286
Other taxes	-	-	-	67,956	-	67,956
Intergovernmental	410,089	-	470,650	401,351	-	1,282,090
Accounts receivable	50,628	249	350	14,968	-	66,195
Other receivables	841	-	1,334	-	-	2,175
Less allowance	(152,509)	(37,340)	-	-	-	(189,849)
	<u>\$ 1,490,333</u>	<u>\$ 59,878</u>	<u>\$ 1,208,493</u>	<u>\$ 484,275</u>	<u>\$ -</u>	<u>\$ 3,242,979</u>

Proprietary Funds

	<u>Water and</u>		<u>EMS</u>	<u>Total</u>	
	<u>Sewer</u>	<u>Sanitation</u>		<u>Enterprise</u>	<u>Internal</u>
				<u>Funds</u>	<u>Service</u>
Intergovernmental	\$ 172,527	\$ 3,672	\$ 61,529	\$ 237,728	\$ 16,670
Accounts receivable	887,084	326,335	2,617,595	3,831,014	-
Other receivables	1,321	-	72,958	74,279	-
Less allowance	(16,852)	(4,238)	(1,175,248)	(1,196,338)	-
	<u>\$ 1,044,080</u>	<u>\$ 325,769</u>	<u>\$ 1,576,834</u>	<u>\$ 2,946,683</u>	<u>\$ 16,670</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,606,007	\$ 227,291	\$ -	\$ 4,833,298
Construction in progress	203,245	123,589	(155,764)	171,070
Total capital assets not being depreciated	<u>4,809,252</u>	<u>350,880</u>	<u>(155,764)</u>	<u>5,004,368</u>
Other capital assets:				
Buildings	13,751,478	-	-	13,751,478
Infrastructure	33,178,991	368,902	-	33,547,893
Improvements other than buildings	6,109,211	213,989	-	6,323,200
Machinery and equipment	14,306,855	1,089,684	(483,609)	14,912,930
Total other capital assets	<u>67,346,535</u>	<u>1,672,575</u>	<u>(483,609)</u>	<u>68,535,501</u>
Less accumulated depreciation for:				
Buildings	(7,999,839)	(493,262)	-	(8,493,101)
Infrastructure	(15,065,231)	(740,868)	-	(15,806,099)
Improvements other than buildings	(2,536,567)	(261,664)	-	(2,798,231)
Machinery and equipment	(9,493,678)	(782,113)	483,609	(9,792,182)
Total accumulated depreciation	<u>(35,095,315)</u>	<u>(2,277,907)</u>	<u>483,609</u>	<u>(36,889,613)</u>
Other capital assets, net	<u>32,251,220</u>	<u>(605,332)</u>	<u>-</u>	<u>31,645,888</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,060,472</u>	<u>\$ (254,452)</u>	<u>\$ (155,764)</u>	<u>36,650,256</u>
			Plus unspent bond proceeds	122,318
			Plus deferred charge on refunding	191,851
			Less associated debt	<u>(8,972,152)</u>
			Net Investment in Capital Assets	<u>\$ 27,992,273</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Depreciation was charged to governmental functions as follows:

General government	\$	44,746
Public safety		702,857
Public services		936,182
Community services		75,282
Culture, parks, and recreation		301,121
Internal service fund		217,719

Total Governmental Activities Depreciation Expense \$ 2,277,907

Commitments

Construction in progress and remaining commitments under related construction contracts for governmental fund projects at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Asphalt Pavement Project	\$ 1,648,653	\$ 93,540	\$ 1,555,113
Quiet Zone (engineering)	70,285	17,049	53,236
Total	\$ 1,718,938	\$ 110,589	\$ 1,608,349

Encumbrances

At year end, the amounts of encumbrances expected to be honored upon performance by the vendor in the next year for governmental funds were as follows:

General fund	\$	117,165
Sales tax capital projects fund		1,738,816
Internal service fund		29,696
Nonmajor governmental funds		5,700
Total	\$	1,891,377

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The following is a summary of changes in capital assets for business-type activities for the year end:

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	1,081,588	1,263,299	(2,259,887)	85,000
Total capital assets not being depreciated	2,522,955	1,263,299	(2,259,887)	1,526,367
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	46,076,318	2,373,891	-	48,450,209
Improvements other than buildings	3,056,090	2,519,702	-	5,575,792
Machinery and equipment	2,502,362	144,863	-	2,647,225
Total other capital assets	57,797,227	5,038,456	-	62,835,683
Less accumulated depreciation for:				
Buildings	(4,196,167)	(151,560)	-	(4,347,727)
Infrastructure	(25,195,329)	(1,164,126)	-	(26,359,455)
Improvements other than buildings	(1,890,493)	(114,528)	-	(2,005,021)
Machinery and equipment	(1,125,335)	(127,951)	-	(1,253,286)
Total accumulated depreciation	(32,407,324)	(1,558,165)	-	(33,965,489)
Other capital assets, net	25,389,903	3,480,291	-	28,870,194
Business-Type Activities Capital Assets, Net	\$ 27,912,858	\$ 4,743,590	\$ (2,259,887)	30,396,561
			Plus unspent bond proceeds	9,293,626
			Plus deferred charge on refunding	752,367
			Less associated debt	(24,283,037)
			Net Investment in Capital Assets	\$ 16,159,516

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,465,889
Sanitation	55,784
Emergency medical services	36,492
Total Business-Type Activities Depreciation Expense	\$ 1,558,165

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Commitments

Construction in progress and remaining commitments under related construction contracts for business-type projects at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
AMI Meter Change Out Program	\$ 2,673,253	\$ 85,000	\$ 2,588,253

Encumbrances

At year end, the amounts of encumbrances expected to be honored upon performance by the vendor in the next year for business-type funds were as follows:

Water and sewer fund	\$ 2,034,167
Emergency management services fund	9,703
Total	<u>\$ 2,043,870</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

D. Long-Term Debt

The following is a summary of changes in the City's total governmental and business-type activities long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,154,756	\$ -	\$ (851,089)	\$ 4,303,667	* \$ 1,040,938
Certificates of obligation	4,371,247	-	(341,735)	4,029,512	* 92,420
Deferred amounts:					
For issuance discounts/premiums	215,282	-	(13,245)	202,037	*
Capital leases	472,490	-	(35,554)	436,936	* 34,886
	<u>10,213,775</u>	<u>-</u>	<u>(1,241,623)</u>	<u>8,972,152</u>	<u>1,168,244</u>
Other liabilities:					
Net pension liability - TMRS	7,323,030	-	(208,819)	7,114,211	-
Net pension liability - TESRS	577,917	-	(169,964)	407,953	-
Compensated absences	527,330	592,087	(513,543)	605,874	545,287
Total Governmental Activities	<u>\$ 18,642,052</u>	<u>\$ 592,087</u>	<u>\$ (2,133,949)</u>	<u>\$ 17,100,190</u>	<u>\$ 1,713,531</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 15,386,659</u>
				*Debt associated with governmental activity capital assets	<u>\$ 8,972,152</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
General obligation bonds	\$ 14,560,252	\$ -	\$ (1,158,913)	\$ 13,401,339	* \$ 1,729,063
Certificates of obligation	623,753	10,000,000	(293,265)	10,330,488	* 7,580
Deferred amounts:					
For issuance discounts/premiums	195,899	385,908	(30,597)	551,210	* -
	15,379,904	10,385,908	(1,482,775)	24,283,037	1,736,643
Other liabilities:					
Net pension obligation	2,015,535	-	(54,115)	1,961,420	-
Compensated absences	75,134	75,218	(72,818)	77,534	69,780
Total Business-Type Activities	\$ 17,470,573	\$ 10,461,126	\$ (1,609,708)	\$ 26,321,991	\$ 1,806,423
Long-term debt due in more than one year				\$ 24,515,569	
*Debt associated with business-type activity capital assets				\$ 24,283,037	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences and net pension obligation are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general obligation, and contractual obligation bonds which are secured by the full faith and credit of the City and are paid through the debt service fund from tax revenues. The City's water and sewer fund has some general obligation bond issues recorded which are secured by the full faith and credit of the City. Although the debt payments are made from the water and sewer fund, the utilities revenue is not pledged to secure the bond payments.

In prior years, the City issued combined tax and revenue certificates of obligation bonds for constructing and acquiring improvements, extensions, and additions to the City's sanitary sewer system. These certificates of obligation are payable from City property taxes and certain revenues of the City's combined water works and sanitary sewer system. The revenues are pledged to the extent that taxes may be insufficient or unavailable for the payment of the principal and interest on the certificates. Such pledge is, and shall be, junior and subordinate in all respects to the pledge of such net revenues to the payment of any obligation of the City which the City designates as having pledge senior to these certificates. The schedule includes these transactions in the enterprise fund as the City is currently repaying these bonds from water and sewer revenues.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 2,141,915
Series 2012 refunding	1.00-2.00%	1,266,752
Series 2013 tax note	1.59%	895,000
Total General Obligation Bonds		4,303,667
Certificates of Obligation		
Series 2011	2.50-4.00%	4,029,512
Total Certificates of Obligation		4,029,512
Capital Leases		
Fire truck	3.24%	395,388
Motorcycles	1.81%	41,548
Total Capital Leases		436,936
Total Governmental Activities Long-Term Debt		\$ 8,770,115

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 2,373,093
Series 2012 refunding	1.00-2.00%	6,068,246
Series 2013 refunding	2.95%	4,960,000
Total General Obligation Bonds		13,401,339
Certificates of Obligation		
Series 2011	2.50-4.00%	330,488
Series 2015	2.00-4.00%	10,000,000
Total Certificates of Obligation		10,330,488
Total Business-Type Activities Long-Term Debt		\$ 23,731,827

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Year Ending	Governmental Activities				Business-Type Activities	
	Bonds		Capital Leases		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,133,358	\$ 240,618	\$ 34,886	\$ 13,871	\$ 1,736,643	\$ 103,524
2017	679,337	219,088	36,925	12,833	1,650,663	578,666
2018	687,450	204,212	38,111	11,647	1,662,551	546,476
2019	715,886	187,766	36,326	10,432	1,694,114	509,264
2020	730,992	169,529	28,331	9,427	1,714,009	468,611
2021-2025	2,301,422	592,838	156,048	32,742	7,443,578	1,720,703
2026-2030	1,738,164	244,517	106,309	6,968	5,176,836	763,416
2031-2034	346,570	6,932	-	-	2,653,433	207,287
Total	\$ 8,333,179	\$ 1,865,500	\$ 436,936	\$ 97,920	\$ 23,731,827	\$ 4,897,947

The City is not obligated in any manner for special assessment debt. Capital assets acquired under current capital lease obligations totaled \$505,061 less accumulated depreciation of \$95,226, net \$409,835.

Tax and Revenue Certificates Obligation

During fiscal year 2015, the City issued \$10,000,000 of tax and revenue certificates of obligation, series 2015. Proceeds from the sale of certificates will be used to pay for 1) construction and equipment of improvement to the City's water and sewer system, 2) the replacement of water meters, and 3) the costs of professional services incurred in connection with those projects. Principal and interest on the certificates is payable from the receipts of an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the City.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

E. Interfund Transactions

The composition of due to/from balances as of year end was as follows:

	Due From	Due to
EMS fund	\$ -	\$ 93
Vehicle Replacement fund	93	-
Nonmajor governmental funds	4,558	-
Nonmajor governmental funds	-	4,558
	\$ 4,651	\$ 4,651

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid in more than one year.

Transfers between the primary government funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General fund	Water & sewer fund	\$ 691,626
General fund	Sanitation fund	132,654
General fund	EMS fund	57,725
General fund	Sales tax capital projects fund	430,254
General fund	Nonmajor governmental funds	34,841
Nonmajor governmental funds	General fund	65,378
Nonmajor governmental funds	Nonmajor governmental funds	144,034
Water & sewer fund	Sanitation fund	76,625
		\$ 1,633,137

Amounts transferred between funds related to amounts collected by general, sales tax capital projects, water and sewer, sanitation, EMS, and other nonmajor governmental funds for various governmental and business-type expenditures and debt payments.

F. Fund Equity

As of September 30, 2015, \$1,021,493 of the City's total fund balance is restricted by enabling legislation.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

G. Restatement of Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for the net pension liability as of measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, September 30, 2014.

Beginning net position was restated as follows:

	<u>Central Shop</u>	<u>IT Maintenance</u>	<u>Governmental Activities</u>
Prior year ending net position as reported	\$ 190,619	\$ 108,830	\$ 40,822,265
Deferred outflows - contributions after measurement date (TMRS)	18,264	6,589	936,304
Deferred outflows - contributions after measurement date (TESRS)	-	-	101,675
Net pension liability (TMRS)	(142,842)	(51,535)	(7,323,030)
Net pension liability (TESRS)	-	-	(577,917)
Reverse net pension obligation (TMRS)	21,933	7,913	1,124,419
Restated beginning net position	<u>\$ 87,974</u>	<u>\$ 71,797</u>	<u>\$ 35,083,716</u>

	<u>Water and Sewer</u>	<u>Emergency Medical Services</u>	<u>Business -Type Activities</u>
Prior year ending net position as reported	\$ 20,253,449	\$ 2,345,168	\$ 25,362,996
Deferred outflows - contributions after measurement date	135,023	122,678	257,701
Net pension liability	(1,056,043)	(959,492)	(2,015,535)
Reverse net pension obligation	162,151	147,326	309,477
Restated beginning net position	<u>\$ 19,494,580</u>	<u>\$ 1,655,680</u>	<u>\$ 23,914,639</u>

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2015	2014
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	50% of CPI	50% of CPI

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving, benefits	175
Active employees	215
Total	496

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.31 percent and 16.97 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$1,636,064 and was \$22,485 less than the required contributions due to the phase-in provision allowed by TMRS.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 1,460,829	\$ -	\$ 1,460,829
Interest	3,560,403	-	3,560,403
Difference between expected and actual experience	(576,076)	-	(576,076)
Contributions - employer	-	1,632,538	(1,632,538)
Contributions - employee	-	701,725	(701,725)
Net investment income	-	2,400,952	(2,400,952)
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,345,100)	-
Administrative expense	-	(25,065)	25,065
Other changes	-	(2,061)	2,061
Net Changes	2,100,056	2,362,989	(262,933)
Balance at December 31, 2013	51,305,029	41,966,465	9,338,564
Balance at December 31, 2014	\$ 53,405,085	\$ 44,329,454	\$ 9,075,631

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

	1% Decrease in Discount Rate 6.0%	Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
City's Net Pension Liability	\$ 17,321,145	\$ 9,075,631	\$ 2,410,336

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the fiscal year ended September 30, 2015, the City recognized net pension expense of \$1,378,513.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 438,268
Difference between projected and actual investment earnings	429,361	-
Contributions subsequent to the measurement date	1,205,335	-
Total	\$ 1,634,696	\$ 438,268

\$1,205,335 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense Amount
2016	\$ (30,467)
2017	(30,467)
2018	(30,467)
2019	82,493
Total	\$ (8,908)

2. Texas Emergency Services Retirement System

Plan Description

The City participates in a cost-sharing multiple employer pension plan that has a special funding situation. The plan is administered by the Texas Emergency Services Retirement System (TESRS) established and administered by the State of Texas to provide pension benefits for emergency

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

services personnel who serve without significant monetary remuneration. At August 31, 2014, there were 198 contributing fire and/or emergency services department members participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a member department.

On August 31, 2014, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,073
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,161
Active Participants (Vested and Nonvested)	4,036

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations which may be of interest are also available at the same link.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make the System “actuarially sound” each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

The Board rule defining contributions was amended effective July 27, 2014 to add the potential for actuarially determined Part Two contributions that would be required only if the expected future annual contributions from the State are not enough with the Part One contributions to provide an adequate contribution arrangement as determined by the most recent actuarial valuation. This Part Two portion, which is actuarially determined as a percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was 0%, since the first actuarial valuation report after adoption of the rules showed the System to have an adequate contribution arrangement without any Part Two contributions.

Additional contributions may be made by governing bodies within two years of joining the System, to grant up to ten years of credit for service per member. Prior service purchased must have occurred before the department began participation in the System.

A small subset of participating departments have a different contribution arrangement which is being phased out over time. In this arrangement, contributions made in addition to the monthly contributions for active members, are made by local governing bodies on a pay-as-you-go basis for members who were pensioners when their respective departments merged into the System. There is no actuarial impact associated with this arrangement as the pay-as-you-go contributions made by these governing bodies are always equal to benefit payments paid by the System.

Contributions

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, total contributions (dues, prior service, and interest on prior service financing) of \$101,675 were paid by the City. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014 to the plan as a whole.

Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

80%/120% corridor on market value

Actuarial Assumptions:

Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation At	3.50%
Cost of Living Adjustments	None

Mortality rates were based on the RP-2000 Combined Healthy Lives Mortality Tables for males and for females projected to 2018 by scale AA. The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.50%). In addition, the final 7.75% assumption reflected a reduction of 0.20% for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10	5.8
Developed international	21	5.5
Emerging markets	6	5.4
Master limited partnership	5	7.1
Fixed income		
Domestic	21	1.4
International	5	1.6
Cash	0	0.0
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2014 actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. That UAAL was based on an actuarial value of assets that was \$7.9 million less than the plan fiduciary net position as of August 31, 2014. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability would be if it were calculated using a

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease in</u> <u>Discount Rate (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase in</u> <u>Discount Rate (8.75%)</u>
City's proportionate share of the net pension liability: \$	840,667	\$ 407,953	\$ 155,489

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2014, the City reported a liability of \$407,953 for its proportionate share of the plan's net pension liability. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the City were as follows:

City's Proportionate share of the collective net pension liability	\$407,953
State's proportionate share that is associated with the City*	<u>137,856</u>
Total	<u>\$545,809</u>

**Calculated using the City's proportionate share of contributions multiplied by the State's share of the collective net pension liability.*

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward the net pension liability nor did they provide the necessary information for the participants to roll forward themselves. While the City acknowledges that the measurement date does not fall within this 12 month period, the City elected to honor the conservatism principle and report a net pension liability measured as of August 31, 2014. The City used the assumption that any differences in the net pension liability measured as of August 31, 2014 versus September 30, 2014 would be immaterial. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 2.245%. TESRS did not provide prior year proportions measured as of August 31, 2013. The City is using the assumption that the change in proportion would have been immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

For the year ended August 31, 2014, the City recognized pension expense of \$60,966. The City recognized on-behalf revenues of \$34,356 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2014, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$ 102,808
Contributions paid to TESRS subsequent to the measurement date	96,600	-
Total	\$ 96,600	\$ 102,808

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense
2016	\$ 25,702
2017	25,702
2018	25,702
2019	25,702
Total	\$ 102,808

D. Other Post Employment Benefits

TMRS Supplemental Death Benefit Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB.

Contributions

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The City's contributions to the TMRS SDBF for the fiscal years ended 2015, 2014, and 2013 were \$2,926, \$2,852, and \$2,794, respectively. The City's contribution rates for the past three years are shown below:

	2015	2014	2013
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

F. Chapter 380 Economic Development Agreement

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality. The City has entered into a Chapter 380 Economic Development Agreement (the "Agreement") with one business. The term of this agreement is for a period of seven years. This business agreed to make real property improvements that create value of at least \$3,000,000 and shall increase personal property value of at least \$11,000,000. The improvements shall include a 50,000 square foot addition to the facility and other real property improvements and personal property additions. In addition, the facility shall employ a minimum of 165 full-time equivalent employees during the term of this Agreement at an agreed-upon minimum annual salary. This Agreement also includes a hotel room night incentive. Grant payments, in the form of property tax rebates, began in fiscal year 2014. The Agreement provides for a maximum grant payment of \$704,867 over the seven-year term.

G. Industrial District Agreement

On November 21, 2013, the City entered into an industrial district agreement (the "Agreement") with one company which purchased property within the City's extraterritorial jurisdiction (known as the "industrial district"). This company has agreed to pay an amount "in-lieu of taxes" in the unannexed area within the City's extraterritorial jurisdiction. This Agreement was executed for a ten-year period. In the Agreement, the company agreed to pay the City 50 percent of what the ad valorem taxes would have been had the company's land, improvements, and inventory been within the corporate limits of the City. During the fiscal year, the City received revenues of \$944,826 related to this Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,911,703	\$ 6,911,703	\$ 6,904,625	\$ (7,078)
Sales taxes	2,200,044	2,200,044	2,152,900	(47,144)
Franchise fees and taxes	1,330,000	1,330,000	1,397,593	67,593
Other taxes	910,000	974,826	986,245	11,419
Licenses and permits	709,600	709,600	935,003	225,403
Fines and forfeitures	538,500	538,500	499,965	(38,535)
Charges for services	240,572	244,322	294,122	49,800
Intergovernmental	-	103,886	161,174	57,288
Investment revenue	3,000	3,000	7,526	4,526
Total Revenues	<u>12,843,419</u>	<u>13,015,881</u>	<u>13,339,153</u>	<u>323,272</u>
Expenditures				
General government:				
Administrative	2,066,116	2,193,180	2,178,728	14,452
City attorney	447,242	447,242	409,738	37,504
City manager	278,963	289,657	285,081	4,576
Finance	864,219	905,071	745,487	159,584
Economic development	240,051	235,881	321,299	(85,418) *
Total General Government Expenditures	<u>3,896,591</u>	<u>4,071,031</u>	<u>3,940,333</u>	<u>130,698</u>
Public safety:				
Police	6,612,298	6,671,959	6,590,874	81,085
Fire	949,403	966,638	925,224	41,414
Total Public Safety Expenditures	<u>7,561,701</u>	<u>7,638,597</u>	<u>7,516,098</u>	<u>122,499</u>
Public services	956,800	956,800	880,375	76,425
Code enforcement	128,956	128,956	115,346	13,610
Culture, parks, and recreation	1,485,910	1,492,001	1,414,449	77,552
Capital outlay	22,400	158,899	142,851	16,048
Debt service:				
Principal	35,555	35,555	35,555	-
Interest	15,203	15,203	15,203	-
Total Expenditures	<u>14,103,116</u>	<u>14,497,042</u>	<u>14,060,210</u>	<u>436,832</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(1,259,697)</u>	<u>(1,481,161)</u>	<u>(721,057)</u>	<u>760,104</u>
Other Financing Sources (Uses)				
Transfers in	1,332,358	1,332,358	1,347,100	14,742
Transfers (out)	(65,378)	(65,378)	(65,378)	-
Total Other Financing Sources	<u>1,266,980</u>	<u>1,266,980</u>	<u>1,281,722</u>	<u>14,742</u>
Net Change in Fund Balance	<u>\$ 7,283</u>	<u>\$ (214,181)</u>	<u>560,665</u>	<u>\$ 774,846</u>
Beginning fund balance			5,482,259	
Ending Fund Balance			<u>\$ 6,042,924</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Measurement
	Year*
	2015
Total Pension Liability	
Service cost	\$ 1,460,829
Interest (on the total pension liability)	3,560,403
Difference between expected and actual experience	(576,076)
Benefit payments, including refunds of employee contributions	(2,345,100)
Net Change in Total Pension Liability	2,100,056
Beginning total pension liability	51,305,029
Ending Total Pension Liability	\$ 53,405,085
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,632,538
Contributions - employee	701,725
Net investment income	2,400,952
Benefit payments, including refunds of employee contributions	(2,345,100)
Administrative expense	(25,065)
Other	(2,061)
Net Change in Plan Fiduciary Net Position	2,362,989
Beginning plan fiduciary net position	41,966,465
Ending Plan Fiduciary Net Position	\$ 44,329,454
Net Pension Liability	\$ 9,075,631
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.01%
Covered Employee Payroll	\$ 9,969,181
Net Pension Liability as a Percentage of Covered Employee Payroll	91.04%

*Only one year of information is currently available. The City will build this schedule over the next nine-year period.

CITY OF ALVIN, TEXAS
SCHEDULE OF THE CITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	Measurement
	Year*
	2015
City's proportion of the net pension liability	2.245%
City's proportionate share of the net pension liability	\$ 407,953
State's proportionate share of the net pension liability	137,856
Total	\$ 545,809
Number of Active Members**	44
City's Net Pension Liability per Active Member	\$ 9,272
Plan fiduciary net position as a percentage of the total pension liability	83.5%

*Only one year of information is currently available. The City will build this schedule over the next nine-year period.

**There is no compensation for active members. Number of active members is used instead.

Notes to Required Supplementary Information:

Defined Benefit Pension Plan

Changes in benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2015

	Fiscal Year*	
	2014	2015
Actuarially determined contribution	\$ 1,622,457	\$ 1,658,549
Contributions in relation to the actuarially determined contribution	1,537,110	1,636,064
Contribution deficiency (excess)**	<u>\$ 85,347</u>	<u>\$ 22,485</u>
Covered employee payroll	<u>\$ 9,505,867</u>	<u>\$ 9,753,201</u>
Contributions as a percentage of covered employee payroll	16.17%	16.77%

*Only two years of information is currently available. The City will build this schedule over the next eight year period.

**Contribution deficiencies are the result of the City contributing at the TMRS allowed phase-in rate.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.00% including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2015

	Fiscal Year*	
	2015	2014
Contractually required contribution	\$ 96,600	\$ 101,675
Contributions in relation to the contractually required contribution	<u>96,600</u>	<u>101,675</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Number of Active members**	44	44
Contributions per active member	2,195	2,311

*Only two years of information is currently available. The City will build this schedule over the next eight year period.

**There is no compensation for active members. Number of active members is used instead.

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 1,446,109	\$ 1,446,109	\$ 1,438,414	\$ (7,695)
Investment revenue	-	-	34	34
Total Revenues	1,446,109	1,446,109	1,438,448	(7,661)
<u>Expenditures</u>				
Debt service:				
Principal	1,175,603	1,175,603	1,175,603	-
Interest and fiscal agent fees	270,006	270,006	267,406	2,600
Total Expenditures	1,445,609	1,445,609	1,443,009	2,600
Net Change in Fund Balance	\$ 500	\$ 500	(4,561)	\$ (5,061)
Beginning fund balance			79,394	
Ending Fund Balance			\$ 74,833	

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CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted, committed, or assigned to expenditures for particular purposes.

Hotel/Motel Fund

This fund is used to account for hotel tax revenue from local hotels.

Special Investigation Fund

This fund is used to account for donations and expenditures related to law enforcement.

Court Building Security Fund

This fund is used to account for collection and disbursement of money used for court security.

Municipal Court Technology Fund

This fund is used to account for municipal court computer technology.

Donation Fund

This fund is designated to receive donations for various related activities.

Juvenile Case Manager Fund

This fund is used to account for expenses related to juvenile case management.

Senior Fund

This fund is used to account for revenues and expenditures for senior citizen outreach.

Park Dedication Fund

This fund is designated to receive donations for local parks.

Comcast PEG Fees Fund

This fund is used to account for revenues and expenditures from Public Educational Governmental access fees.

TIRZ No. 1 Fund

This fund is designated to separate property tax funds that will be utilized to pay for super speedway development.

TIRZ No. 2 Fund

This fund is designated to separate property tax funds that will be utilized to pay for certain infrastructure costs for the Kendall Lakes Redevelopment Authority.

TIRZ No. 3 Fund

This fund is designated to separate property tax funds that will be utilized to pay for certain infrastructure costs.

Kendall Lakes TIRZ Redevelopment Authority

This fund is used to account for the development activity related to the Kendall Lakes area in TIRZ No. 2.

CDBG Disaster Recovery

This fund is used to account for the activity related to the Community Development Block Grant Disaster Recovery Grant.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for specific revenues that are legally restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Bond Capital Projects Fund

This fund is used to account for revenues and expenditures for capital projects funded by bonds.

Tax Note Capital Projects Fund

This fund is used to account for revenues and expenditures for capital projects funded by tax notes.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Cemetery Fund

This fund is to account for the endowment of assets contributed and proceeds being expensed.

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2015

	Special Revenue Funds			
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 670,868	\$ 17,305	\$ 125,518	\$ 10,892
Receivables, net	67,956	-	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total Assets	\$ 738,824	\$ 17,305	\$ 125,518	\$ 10,892
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,390	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
	-	-	-	-
Total Liabilities	8,390	-	-	-
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	730,434	-	125,518	10,892
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	17,305	-	-
Permanent fund	-	-	-	-
	-	-	-	-
Total Fund Balances	730,434	17,305	125,518	10,892
Total Liabilities and Fund Balances	\$ 738,824	\$ 17,305	\$ 125,518	\$ 10,892

Special Revenue Funds

<u>Donation</u>	<u>Juvenile Case Manager</u>	<u>Senior</u>	<u>Park Dedication</u>	<u>Comcast PEG Fees</u>	<u>TIRZ No. 1</u>
\$ 65,274	\$ 62,290	\$ 5,354	\$ 33,659	\$ 139,946	\$ 44
218	-	47	-	14,703	-
-	-	-	-	-	-
<u>\$ 65,492</u>	<u>\$ 62,290</u>	<u>\$ 5,401</u>	<u>\$ 33,659</u>	<u>\$ 154,649</u>	<u>\$ 44</u>
\$ -	\$ -	\$ 712	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	712	-	-	-
-	-	-	-	-	-
-	-	-	-	154,649	-
-	-	-	-	-	44
-	-	-	-	-	-
65,492	62,290	4,689	33,659	-	-
-	-	-	-	-	-
<u>65,492</u>	<u>62,290</u>	<u>4,689</u>	<u>33,659</u>	<u>154,649</u>	<u>44</u>
<u>\$ 65,492</u>	<u>\$ 62,290</u>	<u>\$ 5,401</u>	<u>\$ 33,659</u>	<u>\$ 154,649</u>	<u>\$ 44</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2015

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	CDBG Disaster Recovery
Assets				
Cash and equity in pooled cash and investments	\$ 20,321	\$ 1,718	\$ 208,516	\$ -
Receivables, net	-	-	-	401,351
Due from other funds	-	-	4,558	-
Total Assets	\$ 20,321	\$ 1,718	\$ 213,074	\$ 401,351
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 401,351
Due to other funds	4,558	-	-	-
Total Liabilities	4,558	-	-	401,351
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	15,763	1,718	213,074	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Permanent fund	-	-	-	-
Total Fund Balances	15,763	1,718	213,074	-
Total Liabilities and Fund Balances	\$ 20,321	\$ 1,718	\$ 213,074	\$ 401,351

<u>Capital Projects Fund</u>		<u>Permanent Fund</u>	
<u>Bond Capital Projects</u>	<u>Tax Note Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 150,101	\$ 1	\$ 483,345	\$ 1,995,152
-	-	-	484,275
-	-	-	4,558
<u>\$ 150,101</u>	<u>\$ 1</u>	<u>\$ 483,345</u>	<u>\$ 2,483,985</u>
\$ -	\$ -	\$ 12	\$ 410,465
-	-	-	4,558
-	-	12	415,023
-	-	50,000	50,000
-	-	-	1,021,493
-	-	-	230,599
150,101	1	-	150,102
-	-	-	183,435
-	-	433,333	433,333
<u>150,101</u>	<u>1</u>	<u>483,333</u>	<u>2,068,962</u>
<u>\$ 150,101</u>	<u>\$ 1</u>	<u>\$ 483,345</u>	<u>\$ 2,483,985</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Hotel/ Motel</u>	<u>Special Investigation</u>	<u>Court Building Security</u>	<u>Municipal Court Technology</u>
<u>Revenues</u>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	327,317	-	-	-
Fines and forfeitures	-	-	9,946	13,261
Charges for services	-	-	-	-
Intergovernmental	-	8,872	-	-
Investment revenue	8,183	51	143	15
Other revenue	-	11,582	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	335,500	20,505	10,089	13,276
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>				
Current:				
General government	-	-	-	-
Public safety	-	31,628	2,675	8,497
Community services	238,948	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	17,220	-	-	-
Interest and fiscal charges	2,438	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	258,606	31,628	2,675	8,497
Excess (Deficiency) of Revenues	<hr/>	<hr/>	<hr/>	<hr/>
Over (Under) Expenditures	76,894	(11,123)	7,414	4,779
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other Financing Sources (Uses)</u>				
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	76,894	(11,123)	7,414	4,779
	<hr/>	<hr/>	<hr/>	<hr/>
Beginning fund balances	653,540	28,428	118,104	6,113
	<hr/>	<hr/>	<hr/>	<hr/>
Ending Fund Balances	<u>\$ 730,434</u>	<u>\$ 17,305</u>	<u>\$ 125,518</u>	<u>\$ 10,892</u>

Special Revenue Funds

<u>Donation</u>	<u>Juvenile Case Manager</u>	<u>Senior</u>	<u>Park Dedication</u>	<u>Comcast PEG Fees</u>	<u>TIRZ No. 1</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	58,642	-
-	-	-	-	-	-
-	-	-	-	-	-
42,956	-	-	-	-	-
17	108	6	-	223	-
-	19,784	13,341	26,100	-	-
<u>42,973</u>	<u>19,892</u>	<u>13,347</u>	<u>26,100</u>	<u>58,865</u>	<u>-</u>
2,223	-	-	-	-	-
42,968	13,626	-	-	-	-
-	-	15,634	-	-	-
18,500	-	-	-	-	-
-	-	-	8,585	42,108	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>63,691</u>	<u>13,626</u>	<u>15,634</u>	<u>8,585</u>	<u>42,108</u>	<u>-</u>
<u>(20,718)</u>	<u>6,266</u>	<u>(2,287)</u>	<u>17,515</u>	<u>16,757</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(20,718)</u>	<u>6,266</u>	<u>(2,287)</u>	<u>17,515</u>	<u>16,757</u>	<u>-</u>
<u>86,210</u>	<u>56,024</u>	<u>6,976</u>	<u>16,144</u>	<u>137,892</u>	<u>44</u>
<u>\$ 65,492</u>	<u>\$ 62,290</u>	<u>\$ 4,689</u>	<u>\$ 33,659</u>	<u>\$ 154,649</u>	<u>\$ 44</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2015

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	CDBG Disaster Recovery
Revenues				
Property taxes	\$ 149,804	\$ -	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	1,143,301
Investment revenue	-	-	92	-
Other revenue	-	-	-	-
Total Revenues	<u>149,804</u>	<u>-</u>	<u>92</u>	<u>1,143,301</u>
Expenditures				
Current:				
General government	-	-	67,346	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	1,143,301
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>67,346</u>	<u>1,143,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>149,804</u>	<u>-</u>	<u>(67,254)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfer in	-	-	142,314	-
Transfers (out)	(142,314)	-	-	-
Total Other Financing Sources (Uses)	<u>(142,314)</u>	<u>-</u>	<u>142,314</u>	<u>-</u>
Net Change in Fund Balances	<u>7,490</u>	<u>-</u>	<u>75,060</u>	<u>-</u>
Beginning fund balances	<u>8,273</u>	<u>1,718</u>	<u>138,014</u>	<u>-</u>
Ending Fund Balances	<u>\$ 15,763</u>	<u>\$ 1,718</u>	<u>\$ 213,074</u>	<u>\$ -</u>

<u>Capital Projects Fund</u>		<u>Permanent Fund</u>	
<u>Bond Capital Projects</u>	<u>Tax Note Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 149,804
-	-	-	385,959
-	-	-	23,207
-	-	51,550	51,550
-	-	-	1,195,129
32	184	276	9,330
<u>36,166</u>	<u>-</u>	<u>-</u>	<u>106,973</u>
<u>36,198</u>	<u>184</u>	<u>51,826</u>	<u>1,921,952</u>
-	-	-	69,569
-	-	-	99,394
-	-	21,040	275,622
-	-	-	18,500
126,413	13,000	-	1,333,407
-	-	-	17,220
-	-	-	2,438
<u>126,413</u>	<u>13,000</u>	<u>21,040</u>	<u>1,816,150</u>
<u>(90,215)</u>	<u>(12,816)</u>	<u>30,786</u>	<u>105,802</u>
43,416	1,720	21,962	209,412
<u>(1,720)</u>	<u>-</u>	<u>(34,841)</u>	<u>(178,875)</u>
<u>41,696</u>	<u>1,720</u>	<u>(12,879)</u>	<u>30,537</u>
(48,519)	(11,096)	17,907	136,339
<u>198,620</u>	<u>11,097</u>	<u>465,426</u>	<u>1,932,623</u>
<u>\$ 150,101</u>	<u>\$ 1</u>	<u>\$ 483,333</u>	<u>\$ 2,068,962</u>

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2015

Hotel/Motel				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 290,000	\$ 323,189	\$ 327,317	\$ 4,128
Investment revenue	6,800	6,800	8,183	1,383
Total Revenues	296,800	329,989	335,500	5,511
Expenditures				
Current:				
Community services	268,732	277,523	238,948	38,575
Debt Service:				
Principal	17,220	17,220	17,220	-
Interest and fiscal charges	2,438	2,438	2,438	-
Total Expenditures	288,390	297,181	258,606	38,575
Net Change in Fund Balance	\$ 8,410	\$ 32,808	76,894	\$ 44,086
Beginning fund balance			653,540	
Ending Fund Balance			\$ 730,434	

Special Investigation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 12,350	\$ 12,350	\$ 8,872	\$ (3,478)
Investment revenue	150	150	51	(99)
Other revenue	5,000	5,000	11,582	6,582
Total Revenues	17,500	17,500	20,505	3,005
Expenditures				
Current:				
Public safety	17,500	32,686	31,628	1,058
Net Change in Fund Balance	\$ -	\$ (15,186)	(11,123)	\$ 4,063
Beginning fund balance			28,428	
Ending Fund Balance			\$ 17,305	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2015

Court Building Security				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ 9,946	\$ (1,054)
Investment revenue	200	200	143	(57)
Total Revenues	11,200	11,200	10,089	(1,111)
Expenditures				
Current:				
Public safety	12,240	14,240	2,675	11,565
Total Expenditures	12,240	14,240	2,675	11,565
Net Change in Fund Balance	\$ (1,040)	\$ (3,040)	7,414	\$ 10,454
Beginning fund balance			118,104	
Ending Fund Balance			\$ 125,518	

Municipal Court Technology				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 17,000	\$ 17,000	\$ 13,261	\$ (3,739)
Investment revenue	20	20	15	(5)
Total Revenues	17,020	17,020	13,276	(3,744)
Expenditures				
Current:				
Public safety	6,738	8,838	8,497	341
Total Expenditures	6,738	8,838	8,497	341
Net Change in Fund Balance	\$ 10,282	\$ 8,182	4,779	\$ (3,403)
Beginning fund balance			6,113	
Ending Fund Balance			\$ 10,892	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2015

		<u>Donation</u>			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>					
	Intergovernmental	\$ 15,000	\$ 26,000	\$ 42,956	\$ 16,956
	Investment revenue	100	100	17	(83)
	Total Revenues	<u>15,100</u>	<u>26,100</u>	<u>42,973</u>	<u>16,873</u>
<u>Expenditures</u>					
Current:					
	General government	3,000	3,225	2,223	1,002
	Public safety	-	43,033	42,968	65
	Culture, parks, and recreation	12,000	20,500	18,500	2,000
	Total Expenditures	<u>15,000</u>	<u>66,758</u>	<u>63,691</u>	<u>3,067</u>
	Net Change in Fund Balance	<u>\$ 100</u>	<u>\$ (40,658)</u>	<u>(20,718)</u>	<u>\$ 19,940</u>
	Beginning fund balance			<u>86,210</u>	
	Ending Fund Balance			<u>\$ 65,492</u>	

		<u>Juvenile Case Manager</u>			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>					
	Investment revenue	\$ 125	\$ 125	\$ 108	\$ (17)
	Other revenue	18,818	18,818	19,784	966
	Total Revenues	<u>18,943</u>	<u>18,943</u>	<u>19,892</u>	<u>949</u>
<u>Expenditures</u>					
Current:					
	Public safety	22,262	22,262	13,626	8,636
	Total Expenditures	<u>22,262</u>	<u>22,262</u>	<u>13,626</u>	<u>8,636</u>
	Net Change in Fund Balance	<u>\$ (3,319)</u>	<u>\$ (3,319)</u>	<u>6,266</u>	<u>\$ 9,585</u>
	Beginning fund balance			<u>56,024</u>	
	Ending Fund Balance			<u>\$ 62,290</u>	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2015

Senior				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 20	\$ 20	\$ 6	\$ (14)
Other revenue	7,000	13,341	13,341	-
Total Revenues	7,020	13,361	13,347	(14)
Expenditures				
Current:				
Community services	6,300	16,060	15,634	426
Total Expenditures	6,300	16,060	15,634	426
Net Change in Fund Balance	\$ 720	\$ (2,699)	(2,287)	\$ 412
Beginning fund balance			6,976	
Ending Fund Balance			\$ 4,689	

Park Dedication				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ -	\$ 26,100	\$ 26,100	\$ -
Total Revenues	-	26,100	26,100	-
Expenditures				
Current:				
Capital outlay	-	8,600	8,585	15
Total Expenditures	-	8,600	8,585	15
Net Change in Fund Balance	\$ -	\$ 17,500	17,515	\$ 15
Beginning fund balance			16,144	
Ending Fund Balance			\$ 33,659	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

Beginning fund balance

Comcast PEG Fees

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 48,000	\$ 48,000	\$ 58,642	\$ 10,642
Investment revenue	200	200	223	23
Total Revenues	48,200	48,200	58,865	10,665
Expenditures				
Current:				
Capital outlay	45,000	45,000	42,108	2,892
Total Expenditures	45,000	45,000	42,108	2,892
Net Change in Fund Balance	\$ 3,200	\$ 3,200	16,757	\$ 13,557
Beginning fund balance			137,892	
Ending Fund Balance			\$ 154,649	

TIRZ No. 1

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ 5,625	\$ 5,625	\$ -	\$ (5,625)
Total Revenues	5,625	5,625	-	(5,625)
Net Change in Fund Balance	\$ 5,625	\$ 5,625	-	\$ (5,625)
Beginning fund balance			44	
Ending Fund Balance			\$ 44	

TIRZ No. 3

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ 2,841	\$ 2,841	\$ -	\$ (2,841)
Total Revenues	2,841	2,841	-	(2,841)
Net Change in Fund Balance	\$ 2,841	\$ 2,841	-	\$ (2,841)
Beginning fund balance			1,718	
Ending Fund Balance			\$ 1,718	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2015

TIRZ No. 2				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 141,802	\$ 149,805	\$ 149,804	\$ (1)
Total Revenues	141,802	149,805	149,804	(1)
Other Financing (Uses)				
Transfers (out)	(134,712)	(137,812)	(142,314)	(4,502) *
Total Other Financing (Uses)	(134,712)	(137,812)	(142,314)	(4,502)
Net Change in Fund Balance	\$ 7,090	\$ 11,993	7,490	\$ (4,503)
Beginning fund balance			8,273	
Ending Fund Balance			\$ 15,763	
Kendall Lakes TIRZ Redevelopment Authority				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 200	\$ 200	\$ 92	\$ (108)
Total Revenues	200	200	92	(108)
Expenditures				
Current:				
General government	93,057	93,057	67,346	25,711
Total Expenditures	93,057	93,057	67,346	25,711
(Deficiency) of Revenues (Under) Expenditures	(92,857)	(92,857)	(67,254)	25,603
Other Financing Sources				
Transfers in	134,712	142,206	142,314	108
Total Other Financing Sources	134,712	142,206	142,314	108
Net Change in Fund Balance	\$ 41,855	\$ 49,349	75,060	\$ 25,711
Beginning fund balance			138,014	
Ending Fund Balance			\$ 213,074	

Notes to Supplementary Information:

- *Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

PERMANENT FUNDS

For the Year Ended September 30, 2015

Cemetery				Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 43,600	\$ 43,600	\$ 51,550	\$ 7,950
Investment revenue	175	175	276	101
Total Revenues	43,775	43,775	51,826	8,051
Expenditures				
Current:				
Community services	23,115	24,540	21,040	3,500
Total Expenditures	23,115	24,540	21,040	3,500
Excess of Revenues Over Expenditures	20,660	19,235	30,786	11,551
Other Financing Sources (Uses)				
Transfers in	21,962	21,962	21,962	-
Transfers (out)	(34,508)	(34,858)	(34,841)	17
Total Other Financing (Uses)	(12,546)	(12,896)	(12,879)	17
Net Change in Fund Balance	\$ 8,114	\$ 6,339	17,907	\$ 11,568
Beginning fund balance			465,426	
Ending Fund Balance			\$ 483,333	

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2015

Central Shop Fund

This internal service fund is used to account for equipment replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

Vehicle Replacement Fund

This internal service fund is used to account for vehicle replacement services to departments or agencies of the City on a cost reimbursement basis.

IT Maintenance Fund

This internal service fund is used to account for IT maintenance services to departments or agencies of the City on a cost reimbursement basis.

Computer Replacement Fund

This internal service fund is used to account for computer replacement services to departments or agencies of the City on a cost reimbursement basis.

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

September 30, 2015

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 242,635	\$ 1,485,885	\$ 333,754	\$ 207,151
Accounts receivable	16,670	-	-	-
Advances to other funds	-	93	-	-
Inventory	35,594	-	-	-
Total Current Assets	<u>294,899</u>	<u>1,485,978</u>	<u>333,754</u>	<u>207,151</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,563,065	-	18,542
Less: accumulated depreciation	(27,426)	(2,211,615)	-	(618)
Total Capital Assets (Net of Accumulated Depreciation)	<u>45,700</u>	<u>1,351,450</u>	<u>-</u>	<u>17,924</u>
Total Noncurrent Assets	<u>45,700</u>	<u>1,351,450</u>	<u>-</u>	<u>17,924</u>
Total Assets	<u>340,599</u>	<u>2,837,428</u>	<u>333,754</u>	<u>225,075</u>
<u>Deferred Outflow of Resources</u>				
Deferred outflows - pensions	<u>25,551</u>	<u>-</u>	<u>9,576</u>	<u>-</u>
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	26,735	-	14,844	-
Compensated absences	7,990	-	-	-
Total Current Liabilities	<u>34,725</u>	<u>-</u>	<u>14,844</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	887	-	-	-
Net pension liability	138,732	-	49,995	-
Total Noncurrent Liabilities	<u>139,619</u>	<u>-</u>	<u>49,995</u>	<u>-</u>
Total Liabilities	<u>174,344</u>	<u>-</u>	<u>64,839</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>				
Deferred inflows - pensions	<u>6,850</u>	<u>-</u>	<u>2,567</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	45,700	1,351,450	-	17,924
Unrestricted	139,256	1,485,978	275,924	207,151
Total Net Position	<u>\$ 184,956</u>	<u>\$ 2,837,428</u>	<u>\$ 275,924</u>	<u>\$ 225,075</u>

**Internal
Service Funds
Total**

\$ 2,269,425
16,670
93
35,594
2,321,782

7,754
3,646,979
(2,239,659)

1,415,074
1,415,074
3,736,856

35,127

41,579
7,990
49,569

887
188,727
189,614
239,183

9,417

1,415,074
2,108,309

\$ 3,523,383

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 769,597	\$ 472,553	\$ -	\$ 147,724
Other revenue	2,173	1,000	553,388	-
Total Operating Revenues	<u>771,770</u>	<u>473,553</u>	<u>553,388</u>	<u>147,724</u>
<u>Operating Expenses</u>				
Personnel services	221,194	-	-	-
Supplies	449,420	38	349,261	64,938
Depreciation	4,246	212,855	-	618
Total Operating Expenses	<u>674,860</u>	<u>212,893</u>	<u>349,261</u>	<u>65,556</u>
Operating Income	<u>96,910</u>	<u>260,660</u>	<u>204,127</u>	<u>82,168</u>
<u>Nonoperating Revenues (Expenses)</u>				
Gain on sale of capital assets	-	48,415	-	-
Investment revenue	72	1,935	-	-
Total Nonoperating Revenues	<u>72</u>	<u>50,350</u>	<u>-</u>	<u>-</u>
Change in Net Position	96,982	311,010	204,127	82,168
Beginning net position	<u>87,974</u>	<u>2,526,418</u>	<u>71,797</u>	<u>142,907</u>
Ending Net Position	<u>\$ 184,956</u>	<u>\$ 2,837,428</u>	<u>\$ 275,924</u>	<u>\$ 225,075</u>

**Internal
Service Funds
Total**

\$ 1,389,874
556,561
1,946,435

221,194
863,657
217,719
1,302,570

643,865

48,415
2,007
50,422

694,287
2,829,096

\$ 3,523,383

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2015

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 768,205	\$ 473,553	\$ 553,388	\$ 147,724
Payments to suppliers	(438,753)	(38)	(350,687)	(64,938)
Payments to employees	(226,953)	-	(1,960)	-
Net Cash Provided by Operating Activities	<u>102,499</u>	<u>473,515</u>	<u>200,741</u>	<u>82,786</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Interfund loan payments received	-	17,559	-	-
Interest received on interfund loan	-	9	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>17,568</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(401,454)	-	(18,542)
Proceeds from sale of capital assets	-	48,415	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(353,039)</u>	<u>-</u>	<u>(18,542)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	72	1,926	-	-
Net Cash Provided by Investing Activities	<u>72</u>	<u>1,926</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Equity in Pooled Cash and Investments	102,571	139,970	200,741	64,244
Beginning cash and equity in pooled cash and investments	140,064	1,345,915	133,013	142,907
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 242,635</u>	<u>\$ 1,485,885</u>	<u>\$ 333,754</u>	<u>\$ 207,151</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 96,910	\$ 260,660	\$ 204,127	\$ 82,168
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,246	212,855	-	618
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Deferred outflows	(7,287)	-	(2,987)	-
Inventories	(3,565)	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	10,667	-	(1,426)	-
Net pension liability	(4,110)	-	(1,540)	-
Deferred inflows	6,850	-	2,567	-
Compensated absences	(1,212)	-	-	-
Net Cash Provided by Operating Activities	<u>\$ 102,499</u>	<u>\$ 473,515</u>	<u>\$ 200,741</u>	<u>\$ 82,786</u>

**Internal
Service Funds
Total**

\$ 1,942,870
(854,416)
(228,913)
859,541

17,559
205

17,764

(419,996)
48,415

(371,581)

1,802
1,802

507,526

1,761,899

\$ 2,269,425

\$ 643,865

217,719

(10,274)
(3,565)

9,241
(5,650)
9,417
(1,212)

\$ 859,541

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***OTHER
STATEMENTS***

CITY OF ALVIN, TEXAS
CONSOLIDATED BALANCE SHEET
GENERAL FUND - SUB-FUNDS
September 30, 2015

	General	Fire Capital	Total General Fund
<u>Assets</u>			
Cash and equity in pooled cash and investments	\$ 5,223,336	\$ 100,047	\$ 5,323,383
Receivables, net	1,490,333	-	1,490,333
Prepaid items	9,312	37,758	47,070
Inventory	321	-	321
Total Assets	\$ 6,723,302	\$ 137,805	\$ 6,861,107
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 460,893	\$ -	\$ 460,893
Due to others	48,087	-	48,087
Total Liabilities	508,980	-	508,980
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	309,203	-	309,203
<u>Fund Balances</u>			
Nonspendable:			
Inventories	321	-	321
Prepaid items	9,312	37,758	47,070
Assigned to:			
Special projects	117,165	-	117,165
Compensated absences	605,874	-	605,874
Unassigned	5,172,447	100,047	5,272,494
Total Fund Balances	5,905,119	137,805	6,042,924
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,723,302	\$ 137,805	\$ 6,861,107

CITY OF ALVIN, TEXAS

CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS

For the Year Ended September 30, 2015

	General	Fire Capital	Total General Fund
Revenues			
Property taxes	\$ 6,904,625	\$ -	\$ 6,904,625
Sales taxes	2,152,900	-	2,152,900
Franchise fees and taxes	1,397,593	-	1,397,593
Other taxes	986,245	-	986,245
Licenses and permits	935,003	-	935,003
Fines and forfeitures	499,965	-	499,965
Charges for services	245,332	48,790	294,122
Intergovernmental	161,174	-	161,174
Investment revenue	7,526	-	7,526
	Total Revenues	48,790	13,339,153
Expenditures			
Current:			
General government	3,940,333	-	3,940,333
Public safety	7,516,098	-	7,516,098
Public services	880,375	-	880,375
Community services	115,346	-	115,346
Culture, parks, and recreation	1,414,449	-	1,414,449
Capital outlay	142,851	-	142,851
Debt service			
Principal	11,403	24,152	35,555
Interest	1,597	13,606	15,203
	Total Expenditures	37,758	14,060,210
	Excess (Deficiency) of Revenues Over (Under) Expenditures	11,032	(721,057)
	(732,089)	11,032	(721,057)
Other Financing Sources (Uses)			
Transfers in	1,347,100	-	1,347,100
Transfers out	(65,378)	-	(65,378)
	Total Other Financing Sources	-	1,281,722
	Net Change in Fund Balances	11,032	560,665
	549,633	11,032	560,665
Beginning fund balances	5,355,486	126,773	5,482,259
	Ending Fund Balances	\$ 137,805	\$ 6,042,924
	\$ 5,905,119	\$ 137,805	\$ 6,042,924

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 1 of 2)
September 30, 2015

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 2,486,173	\$ 5,789,467	\$ -	\$ -
Investments	-	500,582	-	-
Accounts receivable (net of allowance for uncollectibles)	-	1,044,080	-	-
Inventory	-	99,363	-	-
Restricted cash, cash equivalents, and investments:				
Construction	-	-	-	86,886
Customer deposits	-	1,116,610	-	-
Total Current Assets	2,486,173	8,550,102	-	86,886
Capital assets:				
Land	-	937,829	-	-
Buildings	-	5,523,533	-	-
Improvements	-	1,997,154	-	360,309
Infrastructure	-	43,127,846	-	3,963,806
Equipment	-	2,015,905	-	199,503
Construction in progress	-	-	-	-
Less allowance for depreciation	-	(31,374,197)	-	-
Total Capital Assets (Net)	-	22,228,070	-	4,523,618
Total Noncurrent Assets	-	22,228,070	-	4,523,618
Total Assets	\$ 2,486,173	\$ 30,778,172	\$ -	\$ 4,610,504
Deferred Outflows of Resources				
Deferred outflows - pensions	\$ -	\$ 184,287	\$ -	\$ -
Deferred charge on refunding	-	749,014	-	-
Total Deferred Outflows of Resources	-	933,301	-	-

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>2015</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ -	\$ -	\$ -	\$ 8,275,640
-	-	-	500,582
-	-	-	1,044,080
-	-	-	99,363
47,302	-	9,159,438	9,293,626
-	-	-	1,116,610
<u>47,302</u>	<u>-</u>	<u>9,159,438</u>	<u>20,329,901</u>
-	-	-	937,829
-	-	-	5,523,533
570,842	-	-	2,928,305
1,343,215	-	-	48,434,867
-	-	-	2,215,408
-	-	85,000	85,000
-	-	-	(31,374,197)
<u>1,914,057</u>	<u>-</u>	<u>85,000</u>	<u>28,750,745</u>
<u>1,914,057</u>	<u>-</u>	<u>85,000</u>	<u>28,750,745</u>
<u>\$ 1,961,359</u>	<u>\$ -</u>	<u>\$ 9,244,438</u>	<u>\$ 49,080,646</u>
\$ -	\$ -	\$ -	\$ 184,287
-	-	-	749,014
-	-	-	933,301

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 2 of 2)
September 30, 2015

<u>Liabilities and Net Position</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. & Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
Current Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 152,371	\$ -	\$ -
Accrued interest payable	-	240,011	-	-
Bonds payable - current	-	1,702,438	-	-
Compensated absences	-	43,871	-	-
Current Liabilities From Restricted Assets				
Customer deposits	-	1,116,610	-	-
Total Current Liabilities	-	3,255,301	-	-
Noncurrent liabilities				
Bonds payable, net of deferred charges	-	22,359,684	-	-
Compensated absences	-	4,875	-	-
Net pension obligation	-	1,026,401	-	-
Total Noncurrent Liabilities	-	23,390,960	-	-
Total Liabilities	-	26,646,261	-	-
Deferred inflows of Resources				
Deferred inflows - pensions	-	49,408	-	-
Net Position				
Net investment in capital assets	-	8,208,588	-	4,523,618
Unrestricted net position	2,486,173	(3,192,784)	-	86,886
Total Net Position	\$ 2,486,173	\$ 5,015,804	\$ -	\$ 4,610,504

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>2015</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ -	\$ -	\$ 240,775	\$ 393,146
-	-	-	240,011
-	-	-	1,702,438
-	-	-	43,871
-	-	-	1,116,610
-	-	240,775	3,496,076
-	-	-	22,359,684
-	-	-	4,875
-	-	-	1,026,401
-	-	-	23,390,960
-	-	240,775	26,887,036
-	-	-	49,408
1,914,057	-	85,000	14,731,263
47,302	-	8,918,663	8,346,240
<u>\$ 1,961,359</u>	<u>\$ -</u>	<u>\$ 9,003,663</u>	<u>\$ 23,077,503</u>

CITY OF ALVIN, TEXAS

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - WATER & SEWER FUND - SUB-FUNDS

For the Year Ended September 30, 2015

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
<u>Operating Revenues</u>				
Water service	\$ -	\$ 3,465,496	\$ -	\$ -
Sewer service	-	3,640,730	-	-
Other revenue	476,695	17,771	-	-
Total Operating Revenues	476,695	7,123,997	-	-
<u>Operating Expenses</u>				
Water service	128,891	1,262,598	102,515	-
Sewer service	-	2,109,626	-	-
Depreciation	-	1,465,889	-	-
Total Operating Expenses	128,891	4,838,113	102,515	-
Operating Income (Loss)	347,804	2,285,884	(102,515)	-
<u>Nonoperating Revenues (Expenses)</u>				
Investment revenue	3,796	13,068	-	-
Interest and fiscal agent fees	-	(715,133)	-	-
Total Nonoperating Revenues (Expenses)	3,796	(702,065)	-	-
Income (Loss) Before Contributions and Transfers	351,600	1,583,819	(102,515)	-
Capital contribution	-	3,517,191	-	-
Transfers in	-	946,250	-	-
Transfers (out)	-	(10,836,379)	(852,106)	-
Total Contributions and Transfers	-	(6,372,938)	(852,106)	-
Change in Net Position	351,600	(4,789,119)	(954,621)	-
Beginning net position	2,134,573	9,804,923	954,621	4,610,504
Ending Net Position	\$ 2,486,173	\$ 5,015,804	\$ -	\$ 4,610,504

2008 Certificates of Obligation	2011 Certificates of Obligation	2015 Certificates of Obligation	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ 3,465,496
-	-	-	3,640,730
-	-	-	494,466
-	-	-	7,600,692
4,083	-	1,144,213	2,642,300
6,998	-	-	2,116,624
-	-	-	1,465,889
11,081	-	1,144,213	6,224,813
(11,081)	-	(1,144,213)	1,375,879
-	-	3,123	19,987
-	-	-	(715,133)
-	-	3,123	(695,146)
(11,081)	-	(1,141,090)	680,733
-	-	-	3,517,191
-	-	10,144,753	11,091,003
-	(17,519)	-	(11,706,004)
-	(17,519)	10,144,753	2,902,190
(11,081)	(17,519)	9,003,663	3,582,923
1,972,440	17,519	-	19,494,580
<u>\$ 1,961,359</u>	<u>\$ -</u>	<u>\$ 9,003,663</u>	<u>\$ 23,077,503</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER & SEWER FUND - SUB-FUNDS (Page 1 of 2)
For the Year Ended September 30, 2015

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. & Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 480,870	\$ 7,117,436	\$ -	\$ -
Payments to suppliers	(138,492)	(1,367,047)	(102,515)	-
Payments to employees	-	(1,802,638)	-	-
Net Cash Provided (Used) by Operating Activities	<u>342,378</u>	<u>3,947,751</u>	<u>(102,515)</u>	<u>-</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	-	946,250	-	-
Transfer to other funds	-	(10,836,379)	(852,106)	-
Net Cash (Used) by Noncapital Financing Activities	<u>-</u>	<u>(9,890,129)</u>	<u>(852,106)</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(99,642)	-	(168,614)
Proceeds from issuance of bonds	-	10,000,000	-	-
Interest and fiscal agent fees paid	-	(359,407)	-	-
Principal paid on capital debt	-	(1,421,954)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>8,118,997</u>	<u>-</u>	<u>(168,614)</u>
<u>Cash Flows from Investing Activities</u>				
Purchase of investments	-	(1,087)	-	-
Interest on investments	3,796	13,068	-	-
Net Cash Provided by Investing Activities	<u>3,796</u>	<u>11,981</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	<u>346,174</u>	<u>2,188,600</u>	<u>(954,621)</u>	<u>(168,614)</u>
Beginning cash and equity in pooled cash and investments	<u>2,139,999</u>	<u>4,717,477</u>	<u>954,621</u>	<u>255,500</u>
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 2,486,173</u>	<u>\$ 6,906,077</u>	<u>\$ -</u>	<u>\$ 86,886</u>
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 2,486,173	\$ (3,504,159)	\$ -	\$ 86,886
Restricted cash and equity in pooled cash and investments	-	10,410,236	-	-
	<u>\$ 2,486,173</u>	<u>\$ 6,906,077</u>	<u>\$ -</u>	<u>\$ 86,886</u>

2008 Certificates of Obligation	2011 Certificates of Obligation	2015 Certificates of Obligation	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ 7,598,306
(43,008)	-	(903,438)	(2,554,500)
-	-	-	(1,802,638)
<u>(43,008)</u>	<u>-</u>	<u>(903,438)</u>	<u>3,241,168</u>
-	-	10,144,753	11,091,003
-	(17,519)	-	(11,706,004)
<u>-</u>	<u>(17,519)</u>	<u>10,144,753</u>	<u>(615,001)</u>
(104,081)	-	(85,000)	(457,337)
-	-	-	10,000,000
-	-	-	(359,407)
-	-	-	(1,421,954)
<u>(104,081)</u>	<u>-</u>	<u>(85,000)</u>	<u>7,761,302</u>
-	-	-	(1,087)
-	-	3,123	19,987
<u>-</u>	<u>-</u>	<u>3,123</u>	<u>18,900</u>
(147,089)	(17,519)	9,159,438	10,406,369
<u>194,391</u>	<u>17,519</u>	<u>-</u>	<u>8,279,507</u>
<u>\$ 47,302</u>	<u>\$ -</u>	<u>\$ 9,159,438</u>	<u>\$ 18,685,876</u>
\$ 47,302	\$ -	\$ 9,159,438	\$ 8,275,640
-	-	-	10,410,236
<u>\$ 47,302</u>	<u>\$ -</u>	<u>\$ 9,159,438</u>	<u>\$ 18,685,876</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER & SEWER FUND - SUB-FUNDS (Page 2 of 2)
For the Year Ended September 30, 2015

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. & Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 347,804	\$ 2,285,884	\$ (102,515)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	1,465,889	-	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	4,175	(54,111)	-	-
Deferred outflows	-	2,715	-	-
Inventories	-	16,895	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(9,601)	68,774	-	-
Accrued interest payable	-	104,669	-	-
Deferred inflows	-	49,408	-	-
Compensated absences	-	(10,280)	-	-
Customer deposits	-	47,550	-	-
Net pension liability	-	(29,642)	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 342,378</u>	<u>\$ 3,947,751</u>	<u>\$ (102,515)</u>	<u>\$ -</u>
Noncash investing, capital, and financing activities:				
Capital contribution	<u>\$ -</u>	<u>\$ 3,517,191</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>2015</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ (11,081)	\$ -	\$ (1,144,213)	\$ 1,375,879
-	-	-	1,465,889
-	-	-	(49,936)
-	-	-	2,715
-	-	-	16,895
(31,927)	-	240,775	268,021
-	-	-	104,669
-	-	-	49,408
-	-	-	(10,280)
-	-	-	47,550
-	-	-	(29,642)
<u>\$ (43,008)</u>	<u>\$ -</u>	<u>\$ (903,438)</u>	<u>\$ 3,241,168</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,517,191</u>

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the government's overall financial health.

Contents	Page
Financial Trends	138
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	150
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	158
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	168
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	171
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports from the relevant year.

CITY OF ALVIN, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 26,117,047	\$ 26,711,260	\$ 24,683,114	\$ 23,625,720
Restricted	2,379,709	4,185,439	5,412,521	8,162,397
Unrestricted	5,042,427	5,088,173	6,373,807	4,881,248
Total Governmental Activities Net Position	\$ 33,539,183	\$ 35,984,872	\$ 36,469,442	\$ 36,669,365
Business-Type Activities				
Net investment in capital assets	\$ 10,031,169	\$ 9,185,334	\$ 10,094,821	\$ 7,281,665
Restricted	542,103	845,723	861,202	805,076
Unrestricted	3,801,084	4,625,332	5,873,472	9,272,256
Total Business-Type Activities Net Position	\$ 14,374,356	\$ 14,656,389	\$ 16,829,495	\$ 17,358,997
Primary Government				
Net investment in capital assets	\$ 36,148,216	\$ 35,896,594	\$ 34,777,935	\$ 30,907,385
Restricted	2,921,812	5,031,162	6,273,723	8,967,473
Unrestricted	8,843,511	9,713,505	12,247,279	14,153,504
Total Primary Government Net Position	\$ 47,913,539	\$ 50,641,261	\$ 53,298,937	\$ 54,028,362

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 23,231,068	\$ 23,710,635	\$ 24,498,035	\$ 25,768,481	\$ 27,186,272	\$ 27,992,273
9,006,259	9,614,913	9,400,498	9,229,378	7,224,941	8,024,520
5,151,195	3,785,438	4,114,881	3,613,304	672,503	1,940,356
<u>\$ 37,388,522</u>	<u>\$ 37,110,986</u>	<u>\$ 38,013,414</u>	<u>\$ 38,611,163</u>	<u>\$ 35,083,716</u>	<u>\$ 37,957,149</u>
\$ 9,898,132	\$ 12,506,488	\$ 12,637,625	\$ 13,035,321	\$ 13,841,547	\$ 16,159,516
698,662	706,487	677,203	423,744	-	-
7,639,207	6,364,658	7,553,375	9,815,794	10,073,092	11,827,277
<u>\$ 18,236,001</u>	<u>\$ 19,577,633</u>	<u>\$ 20,868,203</u>	<u>\$ 23,274,859</u>	<u>\$ 23,914,639</u>	<u>\$ 27,986,793</u>
\$ 33,129,200	\$ 36,217,123	\$ 37,135,660	\$ 38,803,802	\$ 41,027,819	\$ 44,151,789
9,704,921	10,321,400	10,077,701	9,653,122	7,224,941	8,024,520
12,790,402	10,150,096	11,668,256	13,429,098	10,745,595	13,767,633
<u>\$ 55,624,523</u>	<u>\$ 56,688,619</u>	<u>\$ 58,881,617</u>	<u>\$ 61,886,022</u>	<u>\$ 58,998,355</u>	<u>\$ 65,943,942</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Expenses				
Governmental Activities				
General government	\$ 2,878,778	\$ 3,155,673	\$ 3,397,176	\$ 4,618,306
Public safety	5,054,540	5,765,961	5,885,390	6,828,196
Engineering and planning	582,378	554,616	751,470	-
Public services	3,766,436	3,907,160	3,697,371	1,195,696
Community services	153,328	347,169	297,019	2,110,567
Culture, parks and recreation	1,329,498	1,222,914	1,827,931	1,637,049
Interest on long-term debt	486,490	470,225	320,272	255,366
Total Governmental Activities Expenses	<u>14,251,448</u>	<u>15,423,718</u>	<u>16,176,629</u>	<u>16,645,180</u>
Business-Type Activities				
Water and sewer	4,217,430	5,179,628	5,048,607	5,324,261
Sanitation	1,561,134	1,679,203	3,032,494	3,811,391
EMS	860,354	1,060,634	1,015,022	1,333,579
Conference center	-	-	-	-
Total Business-Type Activities Expenses	<u>6,638,918</u>	<u>7,919,465</u>	<u>9,096,123</u>	<u>10,469,231</u>
Total Primary Government Expenses	<u>\$ 20,890,366</u>	<u>\$ 23,343,183</u>	<u>\$ 25,272,752</u>	<u>\$ 27,114,411</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 36,736	\$ 37,029	\$ 22,764	\$ 98,718
Public safety	665,255	735,677	745,922	1,092,685
Engineering and planning	610,541	401,661	328,881	-
Community services	-	-	-	79,648
Culture and recreation	178,087	187,229	167,642	-
Operating grants and contributions	108,200	157,790	434,842	770,851
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,598,819</u>	<u>1,519,386</u>	<u>1,700,051</u>	<u>2,041,902</u>
Business-Type Activities				
Charges for services				
Water and sewer	5,849,098	5,771,303	6,211,760	6,325,404
Sanitation	1,811,689	1,995,110	1,943,739	2,174,386
EMS	1,000,321	1,126,101	1,204,907	1,278,655
Operating grants and contributions	12,133	1,364	1,343,767	1,643,163
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>8,673,241</u>	<u>8,893,878</u>	<u>10,704,173</u>	<u>11,421,608</u>
Total Primary Government Program Revenues	<u>\$ 10,272,060</u>	<u>\$ 10,413,264</u>	<u>\$ 12,404,224</u>	<u>\$ 13,463,510</u>
Net (Expense)/Revenue				
Governmental activities	\$ (12,652,629)	\$ (13,904,332)	\$ (14,476,578)	\$ (14,603,278)
Business-type activities	2,034,323	974,413	1,608,050	952,377
Total Primary Government Net Expense	<u>\$ (10,618,306)</u>	<u>\$ (12,929,919)</u>	<u>\$ (12,868,528)</u>	<u>\$ (13,650,901)</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 3,398,391	\$ 3,493,056	\$ 3,856,490	\$ 3,568,941	\$ 4,302,665	\$ 4,631,429
6,612,487	6,818,758	7,183,101	7,605,752	7,371,478	7,851,334
-	-	-	-	-	-
1,762,534	1,354,999	1,558,656	1,602,661	1,357,311	1,787,338
2,739,494	2,789,836	2,237,711	2,937,559	3,109,731	2,648,239
1,550,634	1,300,499	1,345,650	1,526,973	1,554,800	1,678,632
246,444	953,431	307,110	357,208	317,321	275,210
<u>16,309,984</u>	<u>16,710,579</u>	<u>16,488,718</u>	<u>17,599,094</u>	<u>18,013,306</u>	<u>18,872,182</u>
5,684,004	5,275,355	5,149,638	5,409,975	5,386,508	6,939,946
1,841,385	1,951,774	2,044,570	2,121,232	2,150,276	2,254,148
1,310,354	1,705,571	1,761,534	1,883,560	1,656,281	1,825,973
53,520	99,129	-	-	-	-
<u>8,889,263</u>	<u>9,031,829</u>	<u>8,955,742</u>	<u>9,414,767</u>	<u>9,193,065</u>	<u>11,020,067</u>
<u>\$ 25,199,247</u>	<u>\$ 25,742,408</u>	<u>\$ 25,444,460</u>	<u>\$ 27,013,861</u>	<u>\$ 27,206,371</u>	<u>\$ 29,892,249</u>
\$ 236,236	\$ 184,829	\$ 256,623	\$ 280,518	\$ 234,378	\$ 345,672
1,157,482	1,098,168	1,064,705	1,115,717	1,281,187	1,458,175
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
305,758	89,468	261,048	482,603	125,138	247,358
-	-	-	-	1,785,962	2,056,883
<u>1,699,476</u>	<u>1,372,465</u>	<u>1,582,376</u>	<u>1,878,838</u>	<u>3,426,665</u>	<u>4,108,088</u>
6,299,393	6,767,843	6,529,061	6,996,639	7,112,516	7,600,692
2,290,014	2,162,461	2,305,500	2,481,820	2,548,700	2,694,269
1,292,152	1,630,354	1,671,346	2,607,911	1,349,485	1,831,754
409,277	195,895	231,858	254,710	230,308	294,123
-	-	-	-	-	2,373,890
<u>10,290,836</u>	<u>10,756,553</u>	<u>10,737,765</u>	<u>12,341,080</u>	<u>11,241,009</u>	<u>14,794,728</u>
<u>\$ 11,990,312</u>	<u>\$ 12,129,018</u>	<u>\$ 12,320,141</u>	<u>\$ 14,219,918</u>	<u>\$ 14,667,674</u>	<u>\$ 18,902,816</u>
\$ (14,610,508)	\$ (15,338,114)	\$ (14,906,342)	\$ (15,720,256)	\$ (14,586,641)	\$ (14,764,094)
1,401,573	1,724,724	1,782,023	2,926,313	2,047,944	3,774,661
<u>\$ (13,208,935)</u>	<u>\$ (13,613,390)</u>	<u>\$ (13,124,319)</u>	<u>\$ (12,793,943)</u>	<u>\$ (12,538,697)</u>	<u>\$ (10,989,433)</u>

CITY OF ALVIN, TEXAS
CHANGES IN NET POSITION (Continued)
Last Ten Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,793,632	\$ 6,441,666	\$ 7,135,500	\$ 7,088,549
Sales and use taxes	4,311,123	5,540,205	5,754,038	5,395,694
Franchise taxes	1,279,211	1,321,208	1,332,828	1,535,710
Other taxes	-	-	-	28,484
Investment revenue	364,080	674,853	483,412	131,886
Other revenues	94,255	44,355	121,128	96,555
Transfers	1,184,047	1,581,281	(10,449)	526,323
Total Governmental Activities	<u>13,026,348</u>	<u>15,603,568</u>	<u>14,816,457</u>	<u>14,803,201</u>
Business-Type Activities				
Investment earnings	195,478	440,689	265,878	88,820
Other revenues	5,043	5,875	168,707	14,628
Transfers	(1,184,047)	(1,581,281)	10,449	(526,323)
Total Business-Type Activities	<u>(983,526)</u>	<u>(1,134,717)</u>	<u>445,034</u>	<u>(422,875)</u>
Total Primary Government	<u>\$ 12,042,822</u>	<u>\$ 14,468,851</u>	<u>\$ 15,261,491</u>	<u>\$ 14,380,326</u>
Change in Net Position				
Governmental activities	\$ 373,719	\$ 1,699,236	\$ 339,879	\$ 199,923
Business-type activities	1,050,797	(160,304)	2,053,084	529,502
Total Primary Government	<u>\$ 1,424,516</u>	<u>\$ 1,538,932</u>	<u>\$ 2,392,963</u>	<u>\$ 729,425</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	\$ 8,187,335	\$ 8,480,190
5,164,667	5,460,695	5,720,505	6,039,358	6,188,081	6,457,416
1,601,341	1,550,016	1,607,488	1,608,142	1,701,814	1,783,552
221,885	196,510	191,970	219,973	667,914	986,245
36,080	45,388	31,176	34,018	41,979	30,686
233,080	43,166	204,763	174,102	20,650	160,734
543,456	394,906	501,190	538,555	(10,030)	(261,296)
<u>15,329,665</u>	<u>15,002,348</u>	<u>15,981,128</u>	<u>16,318,005</u>	<u>16,797,743</u>	<u>17,637,527</u>
13,571	11,311	13,322	15,904	15,163	23,756
5,316	503	2,726	2,994	15,000	12,441
<u>(543,456)</u>	<u>(394,906)</u>	<u>(501,190)</u>	<u>(538,555)</u>	<u>10,030</u>	<u>261,296</u>
<u>(524,569)</u>	<u>(383,092)</u>	<u>(485,142)</u>	<u>(519,657)</u>	<u>40,193</u>	<u>297,493</u>
<u>\$ 14,805,096</u>	<u>\$ 14,619,256</u>	<u>\$ 15,495,986</u>	<u>\$ 15,798,348</u>	<u>\$ 16,837,936</u>	<u>\$ 17,935,020</u>
\$ 719,157	\$ (335,766)	\$ 1,074,786	\$ 597,749	\$ 2,211,102	\$ 2,873,433
877,004	1,341,632	1,296,881	2,406,656	2,088,137	4,072,154
<u>\$ 1,596,161</u>	<u>\$ 1,005,866</u>	<u>\$ 2,371,667</u>	<u>\$ 3,004,405</u>	<u>\$ 4,299,239</u>	<u>\$ 6,945,587</u>

CITY OF ALVIN, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Years
 (Accrual Basis of Accounting)

Source	Fiscal Year			
	2006	2007	2008	2009
Property	\$ 5,793,632	\$ 6,441,666	\$ 7,135,500	\$ 7,529,156
Sales and use	4,311,123	5,540,205	5,754,038	5,164,667
Franchise fees	1,279,212	1,321,208	1,332,828	1,601,341
Other taxes	-	-	-	221,885
	<u>\$ 11,383,967</u>	<u>\$ 13,303,079</u>	<u>\$ 14,222,366</u>	<u>\$ 14,517,049</u>

Fiscal Year						Change
2010	2011	2012	2013	2014	2015	2014-2015
\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	\$ 7,703,857	\$ 8,187,335	\$ 8,480,190	3.6%
5,460,695	5,720,505	6,039,358	6,039,358	6,188,081	6,457,416	4.4%
1,550,016	1,607,488	1,608,142	1,608,142	1,701,814	1,783,552	4.8%
196,510	191,970	219,973	219,973	667,914	986,245	47.7%
<u>\$ 14,518,888</u>	<u>\$ 15,243,999</u>	<u>\$ 15,571,330</u>	<u>\$ 15,571,330</u>	<u>\$ 16,745,144</u>	<u>\$ 17,707,403</u>	5.7%

CITY OF ALVIN, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable	\$ 26,761	\$ 33,236	\$ 55,371	\$ 15,611
Restricted	-	-	-	-
Assigned	48,225	1,151,177	1,030,815	615,281
Unassigned	3,211,526	2,961,457	4,444,453	4,560,653
Total General Fund	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>	<u>\$ 5,191,545</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 5,927
Restricted	5,938,783	8,116,764	6,856,654	7,332,625
Assigned	377,940	397,964	397,040	408,417
Total All Other Governmental Funds	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>	<u>\$ 7,746,969</u>

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 10,809	\$ 15,245	\$ 39,347	\$ 21,523	\$ 16,823	\$ 47,391
-	2,646	-	-	-	-
2,393,358	1,318,358	911,311	693,859	527,330	723,039
3,105,318	4,355,741	4,658,915	4,816,116	4,938,106	5,272,494
<u>\$ 5,509,485</u>	<u>\$ 5,691,990</u>	<u>\$ 5,609,573</u>	<u>\$ 5,531,498</u>	<u>\$ 5,482,259</u>	<u>\$ 6,042,924</u>
\$ 200	\$ 5,777	\$ -	\$ -	\$ 250	\$ -
7,936,885	10,260,756	9,400,498	9,229,378	7,224,941	8,024,520
418,602	719,805	714,349	667,680	609,208	616,768
<u>\$ 8,355,687</u>	<u>\$ 10,986,338</u>	<u>\$ 10,114,847</u>	<u>\$ 9,897,058</u>	<u>\$ 7,834,399</u>	<u>\$ 8,641,288</u>

CITY OF ALVIN, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 11,351,914	\$ 13,228,598	\$ 14,294,405	\$ 14,301,958
Permits, licenses, and fees	663,057	325,191	316,854	611,082
Fines and forfeitures	388,202	437,085	455,554	481,603
Intergovernmental	4,313	3,731	530,316	748,833
Contributions	22,027	32,563	-	-
Investment earnings	345,650	620,207	439,770	106,888
Other revenues	598,811	756,958	654,819	242,018
Total Revenues	<u>13,373,974</u>	<u>15,404,333</u>	<u>16,691,718</u>	<u>16,492,382</u>
Expenditures				
General government	2,676,013	3,019,200	3,269,353	3,284,579
Public safety	4,809,776	4,932,289	5,723,203	6,129,989
Engineering and planning	552,276	489,331	712,129	-
Public services	1,518,905	2,870,696	1,977,554	777,418
Community services	143,300	158,160	186,487	1,361,535
Culture, parks, and recreation	906,749	950,845	1,028,437	1,369,506
Library	79,117	94,886	113,061	12,160
Capital outlay	2,266,772	1,503,979	2,520,505	2,572,745
Debt service:				
Principal	810,861	801,753	1,163,091	1,038,791
Interest	455,020	430,776	436,194	412,775
Total Expenditures	<u>14,218,789</u>	<u>15,251,915</u>	<u>17,130,014</u>	<u>16,959,498</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	(844,815)	152,418	(438,296)	(467,116)
Other Financing Sources (Uses)				
Transfers in	3,362,287	4,744,518	3,423,766	2,520,975
Transfers out	(2,910,566)	(3,962,600)	(3,799,196)	(1,994,652)
Refunding bonds issued	-	-	-	-
Bonds issued	2,780,000	835,000	675,000	-
Premium on bonds issued	1,591	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Capital leases	-	231,652	262,467	94,974
Sales of capital assets	28,351	22,916	-	-
Total Other Financing Sources	<u>3,261,663</u>	<u>1,871,486</u>	<u>562,037</u>	<u>621,297</u>
Net Change in Fund Balances	<u>\$ 2,416,848</u>	<u>\$ 2,023,904</u>	<u>\$ 123,741</u>	<u>\$ 154,181</u>
Debt service as a percentage of noncapital expenditures	11.80%	9.80%	12.30%	10.09%

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 14,343,382	\$ 14,501,052	\$ 15,250,115	\$ 15,688,295	\$ 16,730,919	\$ 17,720,056
937,525	650,219	632,240	692,937	757,846	935,003
456,193	447,949	432,465	422,780	523,341	523,172
305,758	89,468	257,797	482,603	1,138,100	1,640,576
-	-	-	-	-	-
20,367	34,745	29,331	32,070	19,131	28,679
233,080	227,995	421,106	428,861	264,820	457,991
<u>16,296,305</u>	<u>15,951,428</u>	<u>17,023,054</u>	<u>17,747,546</u>	<u>19,434,157</u>	<u>21,305,477</u>
3,239,705	3,310,855	3,657,108	3,614,875	3,758,455	4,009,902
6,145,941	6,190,062	6,649,457	7,173,699	7,379,988	7,615,492
-	-	-	-	-	-
715,606	589,836	957,761	764,420	733,558	880,375
2,591,826	2,595,532	2,202,737	2,871,927	3,264,534	2,583,511
1,079,481	984,023	1,201,941	1,308,817	1,352,134	1,432,949
49,515	-	-	-	-	-
1,005,809	2,677,414	2,185,599	3,299,578	4,351,864	2,784,274
978,025	1,308,502	1,159,881	1,205,572	1,314,318	1,228,378
411,836	558,483	472,802	351,120	304,535	285,047
<u>16,217,744</u>	<u>18,214,707</u>	<u>18,487,286</u>	<u>20,590,008</u>	<u>22,459,386</u>	<u>20,819,928</u>
78,561	(2,263,279)	(1,464,232)	(2,842,462)	(3,025,229)	485,549
1,174,886	999,485	1,064,794	1,574,897	2,207,172	1,556,512
(631,430)	(604,579)	(563,604)	(713,299)	(1,349,085)	(674,507)
-	4,321,938	1,597,055	-	-	-
304,641	4,468,507	-	1,235,000	-	-
-	249,910	5,112	-	-	-
-	(4,417,056)	(1,593,033)	-	-	-
-	-	-	450,000	55,244	-
-	-	-	-	-	-
<u>848,097</u>	<u>5,018,205</u>	<u>510,324</u>	<u>2,546,598</u>	<u>913,331</u>	<u>882,005</u>
<u>\$ 926,658</u>	<u>\$ 2,754,926</u>	<u>\$ (953,908)</u>	<u>\$ (295,864)</u>	<u>\$ (2,111,898)</u>	<u>\$ 1,367,554</u>
9.12%	12.02%	9.94%	8.73%	8.73%	7.53%

CITY OF ALVIN, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Residential Property	\$ 463,788,970	\$ 494,709,890	\$ 545,828,781	\$ 561,797,458
Commercial Property	310,043,900	328,960,620	372,642,100	376,840,429
Less: Tax Exempt Property	<u>(52,772,196)</u>	<u>(27,271,987)</u>	<u>(17,519,673)</u>	<u>(29,535,234)</u>
Total Taxable Assessed Value (1)	<u>\$ 721,060,674</u>	<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>	<u>\$ 909,102,653</u>
Taxable Assessed Value as a Percentage of Estimated Actual Value	100.00%	100.00%	100.00%	100.00%
Estimated Actual Taxable Value	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653
Total Direct Tax Rate	\$ 0.80360	\$ 0.80360	\$ 0.80360	\$ 0.80360

Source: Brazoria County - Tax Office Collections

(1) Property is assessed at actual value, therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 569,692,952	\$ 555,669,430	\$ 554,570,924	\$ 556,130,424	\$ 565,488,275	\$ 604,400,846
398,544,224	409,764,239	412,237,877	413,559,139	473,377,668	482,650,142
<u>(46,725,576)</u>	<u>(62,660,621)</u>	<u>(59,267,694)</u>	<u>(52,505,543)</u>	<u>(79,512,520)</u>	<u>(81,017,773)</u>
<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>	<u>\$ 917,184,020</u>	<u>\$ 959,353,423</u>	<u>\$ 1,006,033,215</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215
\$ 0.80360	\$ 0.80360	\$ 0.84360	\$ 0.84380	\$ 0.84360	\$ 0.83860

CITY OF ALVIN, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
City By Fund:				
Operating	\$ 0.6784	\$ 0.6565	\$ 0.6440	\$ 0.6544
Debt service	0.1252	0.1471	0.1596	0.1492
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.7058	1.5459	1.3282	1.3282
Brazoria County	0.3480	0.3817	0.3114	0.3900
C&R District No. 3	0.1306	0.1300	0.1281	0.1500
Alvin Community College	<u>0.2376</u>	<u>0.2195</u>	<u>0.2103</u>	<u>0.1998</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.2256</u>	<u>\$ 3.0807</u>	<u>\$ 2.7816</u>	<u>\$ 2.8716</u>

Tax rates per \$100 of assessed valuation
Source: Brazoria County - Tax Office Collections

(1) Overlapping rates are those of local and county governments that apply within the City of Alvin.

Fiscal Year					
<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 0.6709	\$ 0.6697	\$ 0.7137	\$ 0.7023	\$ 0.6823	\$ 0.6939
0.1327	0.1339	0.1299	0.1415	0.1613	0.1447
<u>0.8036</u>	<u>0.8036</u>	<u>0.8436</u>	<u>0.8438</u>	<u>0.8436</u>	<u>0.8386</u>
1.3041	1.3041	1.3291	1.3291	1.3291	1.4170
0.4263	0.4631	0.4259	0.4320	0.4920	0.4860
0.1500	0.1500	0.1500	0.1560	0.1560	0.1500
<u>0.1998</u>	<u>0.1998</u>	<u>0.1998</u>	<u>0.1990</u>	<u>0.1998</u>	<u>0.2040</u>
<u>\$ 2.8838</u>	<u>\$ 2.9206</u>	<u>\$ 2.9484</u>	<u>\$ 2.9599</u>	<u>\$ 3.0205</u>	<u>\$ 3.0956</u>

CITY OF ALVIN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Weatherford USA, LP	\$ 23,971,470	1	2.38%	\$ 9,645,740	4	1.34%
WalMart	17,581,090	2	1.75%	16,578,260	1	2.30%
Texas New Mexico Power	11,589,840	3	1.15%	8,715,630	5	1.21%
Team Industrial Services, Inc.	9,964,847	4	0.99%	3,778,270	10	0.52%
Ron Carter Chrysler	8,730,780	5	0.87%			
Rice-Tec	8,357,980	6	0.83%			
Alvin Autoland, Inc.	6,780,340	7	0.67%	10,219,040	3	1.42%
Highland Square, LTD	8,068,220	8	0.80%			
HD Development Properties LP	5,525,047	9	0.55%			
ComCast of Houston	5,049,920	10	0.50%			
Southwestern Bell				5,954,890	6	0.83%
Texas Cable Partners				5,807,480	7	0.81%
Franks Casing Crew				5,579,180	8	0.77%
Gas Turbine Engines				4,733,990	9	0.66%
Ron Carter Ford				10,419,290	2	1.44%
Subtotal	<u>105,619,534</u>		<u>10.50%</u>	<u>81,431,770</u>		<u>11.29%</u>
Other Taxpayers	<u>900,413,681</u>		<u>89.50%</u>	<u>639,628,904</u>		<u>88.71%</u>
Total	<u><u>\$ 1,006,033,215</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 721,060,674</u></u>		<u><u>100.00%</u></u>

Source: Brazoria County - Tax Office Collections

CITY OF ALVIN, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Tax levy	\$ 5,689,656	\$ 6,294,442	\$ 7,070,199	\$ 7,250,049
Current tax collected	\$ 5,519,795	\$ 6,117,953	\$ 6,907,075	\$ 7,099,395
Percentage of current tax collections	97.01%	97.20%	97.69%	97.92%
Delinquent tax collections	<u>\$ 158,515</u>	<u>\$ 160,444</u>	<u>\$ 150,339</u>	<u>\$ 136,956</u>
Total tax collections	<u>\$ 5,678,310</u>	<u>\$ 6,278,397</u>	<u>\$ 7,057,414</u>	<u>\$ 7,236,351</u>
Total collections as a percentage of current levy	99.80%	99.75%	99.82%	99.81%
Outstanding delinquent taxes	\$ 11,346	\$ 16,045	\$ 12,785	\$ 13,698
Outstanding delinquent taxes as percentage of current levy	0.20%	0.25%	0.18%	0.19%

Fiscal Year						
2010	2011	2012	2013	2014	2015	
\$ 7,282,858	\$ 7,192,398	\$ 7,637,692	\$ 7,747,425	\$ 8,036,879	\$ 8,394,543	
\$ 7,118,215	\$ 6,997,769	\$ 7,489,804	\$ 7,566,448	\$ 7,945,225	\$ 8,300,703	
97.74%	97.29%	98.06%	97.66%	98.86%	98.88%	
\$ 146,493	\$ 175,370	\$ 125,138	\$ 150,786	\$ 48,706	\$ 93,313	
<u>\$ 7,264,708</u>	<u>\$ 7,173,139</u>	<u>\$ 7,614,942</u>	<u>\$ 7,717,234</u>	<u>\$ 7,993,931</u>	<u>\$ 8,394,016</u>	
99.75%	99.73%	99.70%	99.61%	99.47%	99.99%	
\$ 18,150	\$ 19,259	\$ 22,750	\$ 30,191	\$ 42,948	\$ 93,841	
0.25%	0.27%	0.30%	0.39%	0.53%	1.12%	

CITY OF ALVIN, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 7,266,269	\$ 7,378,016	\$ 6,516,969	\$ 5,736,412
Certificates of obligation	3,047,344	3,020,064	3,527,784	3,360,504
Capital leases	84,675	265,107	392,810	301,856
Issuance discounts/premiums	23,204	19,860	16,516	13,172
Subtotal	<u>10,421,492</u>	<u>10,683,047</u>	<u>\$ 10,454,079</u>	<u>9,411,944</u>
Business-Type Activities:				
Revenue bonds	12,160,000	\$ 12,025,000	11,815,000	11,345,000
General obligation bonds	7,618,729	6,381,984	5,093,032	3,763,588
Certificates of obligation	4,897,657	4,824,936	6,742,216	6,669,496
Capital leases	34,666	13,697	-	-
Issuance discounts/premiums	(16,214)	(17,033)	(17,855)	(18,677)
Subtotal	<u>24,694,838</u>	<u>23,228,584</u>	<u>23,632,393</u>	<u>21,759,407</u>
Total Primary Government	<u>\$ 35,116,330</u>	<u>\$ 33,911,631</u>	<u>\$ 34,086,472</u>	<u>\$ 31,171,351</u>
Personal Income	\$ 21,413	\$ 21,413	\$ 21,413	\$ 21,413
Debt as a Percentage of Personal Income	163995.38%	158369.36%	159185.88%	145572.09%
Population	21,413	21,413	21,413	21,413
Debt per Capita	\$ 1,640	\$ 1,584	\$ 1,592	\$ 1,456

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

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,372,311	\$ 5,090,115	\$ 5,861,240	\$ 6,153,088	\$ 5,154,756	\$ 4,303,667
3,146,860	6,663,507	4,919,192	4,656,772	4,371,247	4,029,512
206,217	105,679	-	450,000	472,490	436,936
9,828	259,172	247,950	231,616	215,282	202,037
<u>8,735,216</u>	<u>12,118,473</u>	<u>11,028,382</u>	<u>11,491,476</u>	<u>10,213,775</u>	<u>8,972,152</u>
10,745,000	10,145,000	4,945,000	4,925,000	-	-
4,538,690	4,886,883	11,921,760	10,740,921	14,560,252	13,401,339
6,298,140	4,086,493	1,160,808	898,228	623,753	10,330,488
-	-	-	-	-	-
14,179	195,312	189,361	179,071	195,899	551,210
<u>21,596,009</u>	<u>19,313,688</u>	<u>18,216,929</u>	<u>16,743,220</u>	<u>15,379,904</u>	<u>24,283,037</u>
<u>\$ 30,331,225</u>	<u>\$ 31,432,161</u>	<u>\$ 29,245,311</u>	<u>\$ 28,234,696</u>	<u>\$ 25,593,679</u>	<u>\$ 33,255,189</u>
\$ 24,236	\$ 24,236	\$ 24,236	\$ 24,236	\$ 24,236	\$ 24,236
125149.47%	129692.03%	120668.89%	116498.99%	105601.91%	137214.02%
21,413	21,413	24,236	24,236	24,236	24,236
\$ 1,416	\$ 1,468	\$ 1,207	\$ 1,165	\$ 1,056	\$ 1,372

CITY OF ALVIN, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Estimated Actual Taxable Value of Property				
All property	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653
Net Bonded Debt (1)				
General bonded debt	\$ 10,421,492	\$ 10,683,047	\$ 10,454,079	\$ 9,411,944
Less debt service funds	<u>325,660</u>	<u>346,983</u>	<u>319,154</u>	<u>374,250</u>
Net Bonded Debt	<u>\$ 10,095,832</u>	<u>\$ 10,336,064</u>	<u>\$ 10,134,925</u>	<u>\$ 9,037,694</u>
Percentage of Estimated Actual Taxable Value of Property	1.40%	1.30%	1.12%	0.99%
Population	21,413	21,413	21,413	21,413
Per Capita	\$ 471	\$ 483	\$ 473	\$ 422

Note:

(1) Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215
\$ 8,735,216	\$ 12,118,473	\$ 11,028,382	\$ 11,491,476	\$ 10,213,775	\$ 8,972,152
420,806	409,223	99,776	102,167	79,394	74,833
<u>\$ 8,314,410</u>	<u>\$ 11,709,250</u>	<u>\$ 10,928,606</u>	<u>\$ 11,389,309</u>	<u>\$ 10,134,381</u>	<u>\$ 8,897,319</u>
0.90%	1.30%	1.20%	1.24%	1.06%	0.88%
21,413	21,413	24,236	24,236	24,236	24,236
\$ 388	\$ 547	\$ 451	\$ 470	\$ 418	\$ 367

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015

	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt Repaid with Property Taxes			
Brazoria County	\$ 84,880,000	4.77%	\$ 4,048,776
Alvin ISD	\$ 482,535,000	19.27%	92,984,495
Alvin Community College	\$ 16,193,356	15.71%	<u>2,543,976</u>
Subtotal, overlapping debt			99,577,247
City Direct Debt	\$ 8,972,152	100.00%	<u>8,972,152</u>
Total Direct and Overlapping Debt			<u><u>\$ 108,549,399</u></u>

Source: Brazoria County

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

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CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION

September 30, 2015

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2015	\$ 1,006,033,215	100%	\$ 1,000,991,962
2014	\$ 954,434,604	100%	954,434,604
2013	\$ 954,434,604	100%	954,434,604
2012	\$ 917,184,020	100%	917,184,020
2011	\$ 907,541,107	100%	907,541,107
Total Five Year Valuation			<u><u>\$ 4,734,586,297</u></u>
Five Year Average Full Valuation of Taxable Real Property			<u><u>\$ 946,917,259</u></u>
Debt Limit (10% of Average Full Valuation)			<u><u>\$ 94,691,726</u></u>
Outstanding Indebtedness at September 30			
Governmental Activities - General Obligation Debt			\$ 4,303,667
Business-type Activities - General Obligation Debt			13,401,339
Net Indebtedness Subject to Debt Limit			<u><u>\$ 17,705,006</u></u>
Net Debt Contracting Margin			\$ 76,986,720
Percentage of Net Debt Contracting Margin Available			<u>81.30%</u>
Percentage of Net Debt Contracting Power Exhausted			<u>18.70%</u>

Last Ten Fiscal Years

<u>Year</u>	<u>Debt Limit</u>	<u>Outstanding Indebtedness September 30</u>	<u>Net Debt Contracting Margin</u>	<u>Percentage of Net Debt Contracting Margin Available</u>
2015	\$ 94,691,726	\$ 17,705,006	\$ 76,986,720	81.30%
2014	\$ 93,760,579	\$ 19,715,008	\$ 74,045,571	78.97%
2013	\$ 95,443,460	\$ 19,715,008	\$ 75,728,452	79.34%
2012	\$ 95,443,460	\$ 16,894,009	\$ 78,549,451	82.30%
2011	\$ 91,718,402	\$ 17,783,000	\$ 73,935,402	80.61%
2010	\$ 90,754,111	\$ 9,976,998	\$ 80,777,113	89.01%
2009	\$ 108,094,183	\$ 9,911,001	\$ 98,183,182	90.83%
2008	\$ 96,616,510	\$ 9,500,000	\$ 87,116,510	90.17%
2007	\$ 90,653,218	\$ 11,610,001	\$ 79,043,217	87.19%
2006	\$ 83,161,407	\$ 13,760,000	\$ 69,401,407	83.45%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Gross Revenues (1)	\$ 6,036,003	\$ 6,190,290	\$ 6,750,856	\$ 6,605,025
Operating Expenses (2)	2,378,938	4,027,507	4,166,715	4,361,497
Net Revenues Available for Debt Service	\$ 3,657,065	\$ 2,162,783	\$ 2,584,141	\$ 2,243,528
Debt Service Requirements (3)				
Principal	\$ 1,436,945	\$ 1,429,846	\$ 1,556,533	\$ 1,478,461
Interest	826,533	1,036,558	881,892	875,517
Total	\$ 2,263,478	\$ 2,466,404	\$ 2,438,425	\$ 2,353,978
Coverage	1.62	0.88	1.06	0.95

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 6,309,789	\$ 6,776,431	\$ 6,539,555	\$ 7,009,368	\$ 7,124,351	\$ 7,642,799
3,516,010	3,165,676	3,205,149	3,487,003	3,515,952	4,758,924
<u>\$ 2,793,779</u>	<u>\$ 3,610,755</u>	<u>\$ 3,334,406</u>	<u>\$ 3,522,365</u>	<u>\$ 3,608,399</u>	<u>\$ 2,883,875</u>
\$ 600,000	\$ 600,000	\$ 620,000	\$ 20,000	\$ -	\$ -
425,106	407,106	388,256	204,338	-	-
<u>\$ 1,025,106</u>	<u>\$ 1,007,106</u>	<u>\$ 1,008,256</u>	<u>\$ 224,338</u>	<u>\$ -</u>	<u>\$ -</u>
2.73	3.59	3.31	15.70	-	-

CITY OF ALVIN, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

Fiscal Year Ended	Population (1)	Personal Income (1)	Per Capita Personal Income (4)	Median Age (1)	Education Level in Years of Schooling (1)	School Enrollment (2)	Unemploy- ment Rate (3)
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	13.75	14,000	7.30%
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	13.75	15,300	8.20%
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	13.75	16,000	8.20%
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	13.80	16,000	8.30%
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	13.80	17,261	6.90%
2011	24,236	\$ 588,159,000	\$ 24,268	32.90	13.80	18,206	8.40%
2012	24,236	\$ 539,299,000	\$ 22,252	33.00	13.60	18,206	7.90%
2013	24,236	\$ 564,481,000	\$ 23,291	34.50	13.18	19,696	7.00%
2014	24,236	\$ 566,832,000	\$ 23,388	32.50	13.00	19,809	5.70%
2015	24,236	\$ 534,234,000	\$ 22,043	32.80	12.76	20,209	4.90%

Data sources:

- (1) Alvin Manvel Area Chamber of Commerce; 2010 Estimated Census.
- (2) Alvin Independent School District
- (3) Brazoria County Labor Market Information Website
- (4) Community Economic Development HotReport

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,781	1	46.87%	1,834	1	38.77%
DISH Network	750	2	12.64%	-	-	-
Ascend Performance Materials	620	3	10.45%	-	-	-
INEOS Olfens & Polymers USA	455	4	7.67%	514	2	10.86%
Alvin Community COLlege	300	5	5.06%	429	5	9.07%
Ron Carter Automotive Center	260	6	4.38%	-	-	0.00%
Rice-Tec	252	7	4.25%	500	3	10.57%
Team Industrial Services	230	8	3.88%	149	9	3.15%
City of Alvin	215	9	3.62%	65	10	1.37%
Diversified Ceramics	70	10	1.18%	165	8	3.49%
Solutia	-	-	-	465	4	9.83%
Ron Carter Automotive Center	-	-	-	310	6	6.55%
Equistar Chocolate Bayou Complex	-	-	-	300	7	6.34%
Total	<u>5,933</u>		<u>100.00%</u>	<u>4,731</u>		<u>100.00%</u>

Source: Economic development department

CITY OF ALVIN, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Administration	5.5	7.0	6.0	2.0	2.0	2.0	4.0	3.0	2.0	3.0
Legal	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Municipal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
City Secretary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	7.0	7.0	7.0	9.0	9.0	8.0	6.0	7.0	7.0	7.0
Public Safety										
Police	70.0	74.0	76.0	72.0	72.0	75.0	76.0	74.0	73.0	72.0
Fire	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Fire Marshal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Humane	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	6.0
Culture and Recreation										
Parks	9.5	10.5	10.0	10.0	9.0	9.0	11.0	10.0	10.0	9.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Center							1.0	1.0	1.0	1.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0
CYB	-	-	-	-	1.0	1.0	1.0	2.0	2.0	1.0
Public Works										
Street	16.0	17.0	19.0	20.0	20.0	20.0	22.0	25.0	25.0	25.0
Engineering										
Engineering	9.0	9.0	9.0	4.0	-	-	-	9.0	7.0	7.0
Planning	-	-	-	4.0	-	-	-	-	-	-
CIP	-	-	-	4.0	4.0	-	-	-	-	-
Community Development										
Inspections	4.0	4.0	4.0	5.0	4.0	5.0	9.0	4.0	4.0	4.0
Code Enforcement	-	-	-	4.0	4.0	4.0	4.0	-	4.0	4.0
General Fund Total	138.0	145.5	148.0	152.0	143.0	142.0	152.0	154.0	154.0	156.0
Enterprise Fund:										
Administration	7.5	7.5	7.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0
Water, Sewer, WWTP	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.0	24.0	24.0
Enterprise Fund Total	31.5	31.5	31.0	32.0	31.0	31.0	31.0	33.0	32.0	32.0
Internal Service Fund:										
Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0
Internal Service Fund Total	4.0	5.0	6.0							
Emergency Medical Services:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	18.0
Emergency Medical Service Total	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	18.0
Total City Positions	175.5	183.0	185.0	190.0	180.0	179.0	190.0	194.0	194.0	212.0

Source: Economic development department

CITY OF ALVIN, TEXAS
OPERATING INDICATORS BY FUNCTION
Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Physical arrests	2,627	1,557	2,201	1,973
Traffic violations	1,936	2,620	3,074	3,405
Fire				
Emergency responses	724	712	889	894
Inspections	747	876	884	461
Sanitation				
Monthly residential pickups	5,042	5,147	5,317	5,339
Commercial containers	602	781	845	835
Culture and recreation				
Athletic fields	21	21	21	21
Water				
New accounts	237	154	128	93
Total number of water connections	6,975	7,129	7,257	7,350
Average daily consumption (thousands of gallons)	2.287	2.226	2.379	2.774
Sewer				
Average daily sewage treatment (thousands of gallons)	2.395	3.000	2.965	2.552

Source: Various City departments

Note: Indicators are not available for the general government function

Fiscal Year					
2010	2011	2012	2013	2014	2015
1,920	2,253	2,199	2,402	676	1,271
3,429	3,857	3,649	4,522	5,001	4,647
599	511	560	551	675	636
424	511	428	333	740	1,600
5,376	5,452	5,486	5,566	5,683	5,833
835	848	842	866	883	828
22	22	22	22	22	22
55	94	91	117	119	196
7,405	7,499	7,567	7,684	7,803	7,999
2,414	2,414	2,395	2,337	2,337	2,650
3,416	3,416	2,860	2,639	2,639	2,800

CITY OF ALVIN, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	32	35	34	36
Fire				
Fire station	2	2	2	3
Volunteers	57	61	64	65
Highways and Streets				
Streets (miles)	178	178	178	180
Parks and recreation				
Parks acreage	91	108	108	101
Parks	15	15	15	16
Senior center	-	-	-	-
Skate park	-	-	-	-
Dog park	-	-	-	-
Hike & bike trail	-	-	-	-
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	5	5	5	5
Water mains (miles)	142	145	145	145
Fire hydrants	876	901	905	905
Storage capacity (thousands of gallons)	2.496	2.496	2.496	7.920
Sewer				
Sanitary sewers (miles)	138	140	104	104
Storm sewers (miles)	38.0	50.0	50.5	50.5
Treatment capacity (thousands of gallons)	15.000	15.000	15.000	15.000

Source: Various City departments

Note: No capital asset indicators are available for the general government function

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
41	41	41	41	41	41
3	3	3	3	3	3
65	65	65	65	65	65
180	180	180	180	180	180
101	103	103	171	171	171
16	16	16	14	14	14
-	-	-	1	1	1
-	-	-	1	1	1
-	-	-	1	1	1
-	-	-	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
147	147	150	150	150	150
920	920	946	949	949	1,200
8.310	8.310	8.310	8.310	8.310	8.310
141	141	142	142	142	142
52.0	52.0	52.0	52.0	52.0	57.0
15.000	15.000	15.000	15.000	15.000	15.000

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SINGLE AUDIT REPORTS

**CITY OF ALVIN,
TEXAS**

**For the Year Ended
September 30, 2015**

CITY OF ALVIN, TEXAS

SINGLE AUDIT REPORTS

For the Year Ended September 30, 2015

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

February 4, 2016

To the Honorable Mayor and
City Council Members of the
City of Alvin, Texas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 4, 2016.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

February 4, 2016

To the Honorable Mayor and
City Council Members of the
City of Alvin, Texas:

Report on Compliance for Each Major Federal Program

We have audited the City of Alvin, Texas' (the "City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated February 4, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

CITY OF ALVIN, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2015

No prior findings.

CITY OF ALVIN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the basic financial statements of the City of Alvin, Texas.
2. No material weaknesses in internal control were disclosed by the audit of the financial statements.
3. Significant deficiencies in internal control were not identified by the audit of the basic financial statements.
4. No instances of noncompliance material to the basic financial statements were disclosed during the audit.
5. No significant deficiencies in internal control over major federal award programs were disclosed by the audit.
6. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
7. No audit findings relative to the major federal award programs for the City are reported in Part C of this schedule.
8. The programs included as major programs included:

<u>CFDA Number</u>	<u>Program Title</u>
14.218	Community Development Block Grant - Disaster Recovery
9. The threshold for distinguishing Type A and B programs was \$300,000.
10. The City did not qualify as a low-risk auditee in the context of OMB Circular A-133.

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None

C. FINDINGS – FEDERAL AWARDS

None

CITY OF ALVIN, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
<i>Direct Program</i>			
Equitable Sharing Program	16.922	TX0200100	\$ 5,120
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>5,120</u>
U.S. DEPARTMENT OF GENERAL SERVICE ADMINISTRATION			
Donation of Federal Surplus Personal Property	39.003	N/A	177
TOTAL U.S. DEPARTMENT OF GENERAL SERVICE ADMINISTRATION			<u>177</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Pass-through Texas Department of Transportation</i>			
National Priority Safety Programs	20.616	585EGF6403	3,000
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>3,000</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Pass-through Texas Department of Public Safety</i>			
Emergency Management Performance Grants	97.042	15TX-EMPG-0311	26,908
<i>Pass-through Texas Water Development Board</i>			
Flood Mitigation Assistance	97.029	1300011762	266,049
<i>Direct Program</i>			
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2010-FF-00184	19,680
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>312,637</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-through Texas General Land Office</i>			
Community Development Block Grant - Disaster Recovery	14.218	12-490-000-6665	1,143,300
<i>Pass-through Brazoria County</i>			
Community Development Block Grant - Disaster Recovery	14.218	B-14-UC-48-0005	103,886
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,247,186</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,568,120</u>

CITY OF ALVIN, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended September 30, 2015

1. REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Finance

Contact: Junru Roland, ACM/CFO

Agenda Item: Consider appointment of Belt Harris Pechacek, LLP as the City's auditors for the fiscal year ending September 30, 2016, and authorize the Mayor to sign the Auditor's Engagement Letter.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: Chapter 103 of the Local Government Code requires cities to have its records and accounts audited; and a financial statement prepared based on the audit, annually. Belt Harris Pechacek, LLP has served as the City's independent auditors for seven years, and has an excellent professional/working relationship with management and staff. Belt Harris Pechacek, LLP is proposing a base estimated fee of \$36,416 for the City's FY16 financial statement audit; with an additional estimated fee of \$7,000, if the City requires a single audit*. Staff is requesting that City Council approve the engagement of Belt Harris Pechacek, LLP to provide auditing services for FY16.

Prior Fiscal Year Engagement Fees

Base audit fees: \$35,355 + \$7,000 for single audit.

FY16 Audit Budgets for Comparative Cities:

Lake Jackson: \$42,000

Friendswood: \$45,000

Webster: \$49,500

Deer Park: \$63,600

La Porte: \$66,900

* A single audit is additional auditing procedures that are required if the City receives and expends over \$750,000 of federal funds in a fiscal year.

Funding Expected: Revenue ___ Expenditure ___ N/A ___ **Budgeted Item:** Yes No ___ N/A ___

Account Number: 111-9001-00-3110
251-9002-00-3110 **Amount:** \$36,416 (\$7,000 for Single audit)

Legal Review Required: N/A ___ Required Date Completed: _____

Supporting documents attached:

- Engagement Letter for FY16

Recommendation: Move to approve the appointment of Belt Harris Pechacek, LLP as the City's auditors for the fiscal year ending September 30, 2016, and authorize the Mayor to sign the Auditor's Engagement Letter.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager



Engagement Letter - Single Audit

February 11, 2016

The Honorable Paul Horn, Mayor
City of Alvin
216 W. Sealy Street
Alvin, Texas 77511-2341

We are pleased to confirm our understanding of the services we are to provide for the City of Alvin, Texas (the "City") for the year ended September 30, 2016. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of the City as of and for the year ended September 30, 2016.

Accounting standards generally accepted in the United States of America provide for certain Required Supplementary Information (RSI), such as Management's Discussion and Analysis (MD&A), to supplement the City's 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. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule(s)
3. Net Pension Liability and Contribution Schedule(s)

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditors' report on the financial statements or in a report combined with our auditors' report on the financial statements:

1. Combining Statement(s) and Schedule(s)
2. Schedule of Expenditures of Federal Awards

Partners

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The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditors' report will not provide an opinion or any assurance on that other information:

1. Introductory Section
2. Statistical Section

In addition to these services -

1. We will also provide routine advisory services through phone calls, conferences or otherwise in connection with incidental matters arising during the year. These costs would be absorbed in our estimated annual fee. We encourage open lines of communication throughout the year as part of our services.
2. We will draft the financial statements, including the Management's Discussion and Analysis, with input from management.
3. We will print and bind the financial reports, and provide an electronic PDF of all reports.
4. We will handle normal correspondence from grantor, regulatory, or oversight agencies related to the audit.
5. We will perform procedures to comply with the Public Funds Investment Act (Chapter 2256 local government code).

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the City in conformity with U.S. generally accepted accounting principles and OMB Circular A-133 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government

complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contract, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review prior to the beginning of our audit fieldwork.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, on which we have been engaged to report, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on---

- 1 Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
2. Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to management and members of the governing body of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express an opinion or issue a report, or may withdraw from this engagement.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts,

and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures-Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures-Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or

oversight agency for audit.

We will provide copies of our reports to the City; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Belt Harris Pechacek, LLLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Belt Harris Pechacek, LLLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Fees for our services are based on the actual time spent at our standard hourly rates, plus travel and other out-of-pocket costs such as report production, typing, postage, etc. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. The time estimates used to project our fees are based on anticipated cooperation from your personnel and management fulfilling its responsibility, as discussed previously. Our time budget for this engagement does not include addressing matters related to management's responsibilities, such as modifications to the City's financial information, additional procedures related to alleged noncompliance with laws and regulations and similar improprieties, the City's lack of preparation for the audit, and similar matters. Such time requirements have not been included in the estimate and will be billed in addition to the fees quoted at our standard hourly rates and actual costs incurred, including legal consultations, if necessary. We will notify the appropriate party when such conditions are encountered, such as identifying schedules not prepared, out-of-balance accounts, alleged violations, etc. When possible, we will provide management with options for alleviating the condition. If it appears the item(s) will not be addressed by the City, we may perform procedures to address incidental matters to facilitate timely completion of the audit. To the extent possible, we will obtain approval before performing additional work for matters considered significant to the original proposed fee. Due to the nature of our work, such approval may not always be possible (i.e., we may be legally compelled by subpoena or similar request to expend additional time and incur other expenses to handle matters arising from this engagement).

As customary in the industry, the price quoted is an estimate. In accordance with rules of the State Board of Public Accountancy, we cannot be bound to provide the audit for the amount estimated. However, in practice, we honor our fee quotes unless adverse conditions such as those described above are encountered.

Fee Estimates

	2016
Financial Statement Audit	\$ 36,416
Single Audit - Basic Procedures*	\$ 4,500
Single Audit - Major Program*	\$ 2,500

* A single audit is required when federal funds over \$750,000 are expended. Our fees are based on the number of major programs (programs over \$750,000).

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Generally, 40 percent will be billed and payable upon completion of interim audit procedures (normally one to four months before year end) and 60 percent after a draft of the financial statements is issued. Accordingly, the fee will be split 40/60 between budget years. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to

terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2015 peer review accompanies this letter.

Required Non-Appropriation Clause

Notwithstanding anything contained in this engagement to the contrary, in the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal period for fees due under this engagement agreement, the City will immediately notify us in writing of such occurrence and this agreement shall terminate on the last day of the fiscal period for which appropriations have been received or made.

Authorization of CPA's Disclosure

Any client certified public accountant involved with assisting us shall not be prohibited from disclosure of information required to be made available by the standards of the public accounting profession in reporting on the examination of financial statements. Management understands and provides permission to staff certificate or registration holders as required under the Rules of Professional Conduct, Texas Administrative Code, Title 22, Part 22, Chapter 501, Subchapter C, Section 501.75.

We appreciate the opportunity to be of service to the City and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Belt Harris Pechacek, LLLP
Certified Public Accountants

Authorized by:



Stephanie E. Harris, CPA, CGMA
Partner

RESPONSE:

This letter correctly sets forth the understanding of City of Alvin, Texas.

The Honorable Paul Horn, Mayor

Date



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Animal Control (Police) **Contact:** Chad Fontenot, Captain

Agenda Item: Consider Resolution 16-R-06; accepting a \$10,000 donation from the estate of Diane Collins and directed to the Alvin Animal Adoption Center (AAAC) to assist in the adoption of animals located at the shelter.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: The estate of Alvin resident Diane Collins wishes to donate \$10,000 to the Alvin Animal Adoption Center (AAAC).

Ms. Diane Collins was a local resident who passed away in 2015. Ms. Collins made it known to family that she wanted a portion of her estate go to helping animals at the AAAC. Ms. Collin's executor has advised that the estate wishes to donate \$10,000 to the City of Alvin. Ms. Collin's asked that this donation be used to sponsor costs associated with animal adoptions (spay/neuter, tags/microchipping and fees) in order to lower the cost of animal adoptions at the AAAC; increasing animal adoptions.

City of Alvin *Code of Ordinances*, Sec. 2-16. - *Acceptance of gifts*, reads: A gift or donation of property or money with value of five thousand dollars (\$5,000.00) or greater which is given to the city shall be accepted by resolution.

Funding Expected: Revenue Expenditure N/A **Budgeted Item:** Yes No N/A

Account Number: _____ **Amount:** \$10,000

Legal Review Required: N/A Required **Date Completed:** February 11, 2016

Supporting documents attached:

- Resolution 16-R-06

Recommendation: Move to approve Resolution 16-R-06 accepting a \$10,000 donation directed to AAAC program to sponsor adoptions of animals.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager

RESOLUTION NO. 16-R-06

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS ACCEPTING THE DONATION OF \$10,000 FROM THE ESTATE OF DIANE COLLINS TO THE ALVIN ANIMAL ADOPTION CENTER TO ASSIST IN THE ADOPTION OF ANIMALS LOCATED AT THE CENTER.

WHEREAS, the City of Alvin, Texas is committed to enhancing a better quality of life for the citizens and their children, and

WHEREAS, the City of Alvin continues to develop strategic partnerships that bring new opportunities to the City, and

WHEREAS, Diane Collins was a local resident who passed away in 2015, and

WHEREAS, the City of Alvin was contacted by the executor of the Estate of Diane Collins advising the estate wishes to donate \$10,000 to a City of Alvin donations account dedicated to a program to sponsor costs associated with animal adoptions to assist in lowering the cost of animal adoptions at the Alvin Animal Adoption Center with the goal of increasing animal adoptions, and

WHEREAS, it is the desire for the City of Alvin to save the taxpayers money while providing better services to the community, and

WHEREAS, the Mayor and City Council, on behalf of the City of Alvin, desires to accept the donation and express its sincere appreciation to the Estate of Diane Collins for their generous contribution, **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. That the City Council hereby adopts the recitals and findings set forth in the preamble hereof.

Section 2. That the City Council, on behalf of the citizens of the City of Alvin, hereby expresses its appreciation to the Estate of Diane Collins, and accepts the generous donation of \$10,000 to provide monetary assistance to aid in the adoption of animals at the Alvin Animal Adoption Center.

Section 3. Open Meeting Act. It is hereby officially found and determined that the meeting at which this resolution was passed was open to the public as required and that public notice of the time, place and purpose of said meeting was given as required by the Open Meeting Act, *Chapt. 551, Tex. Gov't Code.*

PASSED AND APPROVED on this the _____ day of _____, 2016.

ATTEST:

CITY OF ALVIN, TEXAS

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Police

Contact: Chief Robert E Lee

Agenda Item: Consider Ordinance 16-B; amending Chapter 15, Miscellaneous Offenses, Section 9.1- Noise; by revising the list of sound nuisances, establishing maximum permissible sound levels defined by decibel, establishing exemptions, and providing regulations for business sound permits, and setting forth other related provisions thereto.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: The existing ordinance regulating sound nuisances does not establish a decibel level and current enforcement is forced to rely on the 85 decibel level established by state law. The proposed Ordinance 16-B establishes a maximum permissible sound level of 65 decibels during daytime and 60 decibels during nighttime in residential areas and 70 decibels both day and night for nonresidential properties. The proposed ordinance also sets forth the method and manner of measuring noise levels. The existing ordinance does not address vibrational nuisances but this will be prohibited in the proposed ordinance.

The existing ordinance requires that a private individual or business obtain a one-time use noise permit for every individual event held. Ordinance 16-B allows for the issuance of a yearly sound/noise permit for businesses which in the normal course of their business provide an area for outside live or recorded music. Private individuals will still be required to obtain a single use permit for each event.

Ordinance 16-B also better defines what constitutes noise violations by animals including creating a rebuttable presumption when 3 or more citations or 3 or more complaints from more than one household occur within 60 days. Lastly, Ordinance 16-B removes language referencing outdated technology such as steam engines and cassettes.

Funding Expected: Revenue ___ Expenditure ___ N/A **Budgeted Item:** Yes ___ No ___ N/A

Account Number: _____ **Amount:** _____

Legal Review Required: N/A ___ Required **Date Completed:** February 11, 2016

Supporting documents attached:

- Ordinance 16-B – redline
- Ordinance 16-B - clean

Recommendation: Move to approve Ordinance 16-B amending noise regulations.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager

ORDINANCE NO. 16-B

AN ORDINANCE AMENDING CHAPTER 15, MISCELLANEOUS OFFENSES OF THE CODE OF ORDINANCES, SECTION 9.1–NOISE; BY REVISING THE LIST OF SOUND NUISANCES, ESTABLISHING MAXIMUM PERMISSIBLE SOUND LEVELS DEFINED BY DECIBEL, ESTABLISHING EXEMPTIONS, AND PROVIDING REGULATIONS FOR BUSINESS NOISE PERMITS; ALSO PROVIDING FOR A SEVERABILITY CLAUSE; A PENALTY CLAUSE; PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, it is the policy of the City of Alvin to minimize the exposure of citizens to excessive noise and to protect, promote and preserve the public health, comfort, convenience, safety and welfare; and

WHEREAS, it is the intent of the City to control the level of noise in a manner which promotes commerce; protects the sleep and repose of citizens; promotes the use, value and enjoyment of property; and preserves the quality of the environment; and

WHEREAS, it is desirable to address common noise complaints caused by repetitive and excessive noise by adding maximum decibel levels and by adding restrictions on noise from animals and from amplifiers in public right-of-way;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. That Section 15-9.1 “Noise – Unreasonably loud, disturbing noises prohibited; enumeration” is hereby amended to read as follows:

...

Sec. 15-~~9.1~~.10.1 **Noise - Sound nuisances.**~~Noise – Unreasonably loud, disturbing noises prohibited; enumeration.~~

It shall be unlawful for any person to make, continue, or cause to be made or continued, any unreasonably loud, disturbing, or unnecessary noise which causes material distress, discomfort or injury to persons of ordinary sensibilities. It also shall be unlawful for any person to make, assist in making, permit, continue, cause to be made or continued or permit the continuance of any sound which exceeds the maximum permitted sound levels specified in section 15-10.2. The acts enumerated in this article, among others, are declared to be sound nuisances which are unreasonably loud, irritating, disturbing or excessive sounds in violation of this article, but such enumeration shall not be deemed to be exclusive:

~~It shall be unlawful for any person to make, continue, or cause to be made or continued, any unreasonably loud, disturbing, or unnecessary noise which causes material distress, discomfort or injury to persons of ordinary sensibilities in the vicinity thereof. Any noise of such character, intensity and duration which substantially interferes with the peaceful and comfortable enjoyment of private homes or businesses by persons of ordinary sensibilities is hereby declared to be a nuisance and is hereby prohibited. The following acts, among others, are declared to be unreasonably loud, disturbing and unnecessary noises in violation of this section, but said enumeration shall not be deemed to be exclusive:~~

- (a) Horns or other signaling devices. The sounding of any horn or signaling device on any automobile or other vehicle on any street or public place of the city, except as a danger warning; the creation by means of any such signaling device of any unreasonably loud or harsh sound; and the sounding of any such device for an unnecessary and unreasonable period of time.
- (b) Animals, birds, etc. ~~The keeping of any animal or bird which by causing frequent or long-continued noise shall disturb the comfort or repose of any persons in the vicinity.~~
 - (1) The keeping of any animal or bird that causes or makes frequent or long and continued sound, that unreasonably disturbs, injures, or endangers the comfort, repose, health, peace, or safety of ordinary, reasonable persons of normal sensibilities and ordinary tastes, habits, and modes of living who reside in the vicinity thereof is hereby prohibited and declared to be unlawful as a sound nuisance in violation of this article, regardless of whether the sound so created by said animal or bird is within the permissible levels specified in section 15-10.2.
 - (2) In any prosecution for a violation of this section, the fact that any animal or bird has been allowed or permitted to persistently and chronically violate this section, as demonstrated by the issuance of three (3) or more citations and/or the receipt of three (3) or more complaints from more than one household within a sixty (60) day period creates a rebuttable presumption that such noise was in violation of this article.
- (c) ~~Exhausts. The discharge into the open air of the exhaust of any steam engine, internal combustion engine or motor vehicle except through a muffler or other device which will effectively prevent loud or explosive noises therefrom.~~ Power and pneumatic equipment. Operate or permit to be operated any power or pneumatic equipment outdoors in a residential area, or within one hundred fifty (150) feet of the boundary line of a residential lot between the hours of 10:00 p.m. and 7:00 a.m. Motorized electric or fuel powered equipment including, but not limited to tractors, lawnmowers and other similar devices or equipment shall be considered power equipment.
- (d) Defect in vehicle or load. The use of any automobile or other vehicle so out of repair, so loaded or in such manner as to create loud and unnecessary grating, grinding, rattling or other noise.

- (e) ~~Loading and unloading vehicles, opening boxes. The creation of a loud and excessive noise in connection with loading or unloading any vehicle or the opening and destruction of bales, boxes, crates and containers.~~
- (f) Construction or repairing of buildings. The erection (including excavating), demolition, alteration or repair of any building other than between the hours of 7:00 a.m. and 6:00 p.m. on weekdays, except in case of urgent necessity in the interest of public health and safety, and then only with a permit from the building inspector which shall be granted for a period of time not to exceed the period in which the emergency continues.
- (g) Schools, courts, churches, hospitals. The creation of any excessive noise on any street adjacent to any school, church or court while the same are in use, or adjacent to any hospital, which unlawfully interferes with the workings of such institution or which disturbs or unduly annoys the patients in the hospital, provided conspicuous signs are displayed in such streets indicating that the same is a school, church, hospital or court street.
- (h) ~~Pile drivers, hammers and other machinery. The operation between the hours of 10:00 p.m. and 7:00 a.m. of any pile driver, steam shovel, pneumatic hammer, derrick or other appliance or machinery, the use of which is attended by loud or unusual noise.~~
- (i) Vehicular sound amplification systems.
- (1) A sound amplifier which is part of or connected to a radio, stereo receiver, compact disc player, mp3, cellular devices ~~cassette tape player~~ or other similar device or service operated within a motor vehicle operated at such a volume that ~~it causes material distress, discomfort or injury to persons of ordinary sensibilities in the vicinity thereof~~ is plainly audible.
- (2) If the sound [is] audible at a distance of thirty (30) feet from the source or causes a person to be aware of or feel the vibration accompanying the sound at a distance of thirty (30) feet from the source, a prima facie case shall be established that the radio, stereo receiver, compact disc player, cassette player or other similar device is being operated at a volume that ~~causes material distress, discomfort or injury to persons of ordinary sensibilities~~ is plainly audible.

For purposes of this subsection, “plainly audible” means any sound produced by a sound amplification system from within a vehicle that clearly can be heard at a distance of thirty (30) feet or more. Measurement standards shall be the auditory senses, based on direct line of sight. Words or phrases need not be discernible, and bass reverberations are included.

- (j) It shall be prima facie unlawful and a violation of this article for any person to operate or cause to be operated any source of vibration or to discharge or allow the escape of any vibration in such a manner as to cause by such operation a vibration that can be detected without the aid of instruments at any point within the receiving real property.

Sec.15-10.2. Maximum permissible sound levels.

- (a) No person shall conduct, permit or allow any activity or sound source to produce a sound that is discernible beyond the property line of the property on which the sound is being received

that, when measured as provided in section 15-10.3, exceeds the following applicable dB(A) level listed for the property on which the sound is received:

(1) *Residential property.*

- a. Sixty-five dB(A) during daytime hours.
- b. Sixty dB(A) during nighttime hours.

(2) *Non-residential property.* Seventy db(A) during either daytime or nighttime hours.

(b) The dB(A) levels set forth in this section applies to the property where the sound is being received. Any sound that, when measured at the property where the sound is being received, exceeds the dB(A) levels set forth in this section is a prima facie violation of this article.

Sec. 15-10.3. Measures and Standards

Under this article, measurement of sound may be made, as applicable, with a sound level meter meeting the standards prescribed by the American National Standards Institute (ANSI). Measurements of sound shall be taken so as to provide a proper representation of the sound being measured. The Chief of Police shall develop procedures to be followed in measuring sounds.

Sec. 15-10.4. Exemptions.

Sounds caused by the following are exempt from the prohibitions set out in section 15-10.2 and are in addition to the exemptions specifically set forth in this section:

- (1) Repairs of utility structures which pose a clear and immediate danger to life, health, or significant loss of property;
- (2) Sirens, whistles, or bells lawfully used by emergency vehicles, or other alarm systems used in case of fire, collision, civil defense, police activity, or imminent danger;
- (3) The emission of sound for the purpose of alerting persons to the existence of an emergency or the emission of sound in the performance of emergency work;
- (4) Repairs or excavations of bridges, streets, or highways by or on behalf of the City of Alvin, or other governmental entity, between the hours of 7:00 p.m. and 7:00 a.m., when public welfare and convenience renders it impractical to perform the work between 7:00 a.m. and 7:00 p.m.;
- (5) Reasonable activities conducted on public playgrounds and public or private school grounds, which are conducted in accordance with the manner in which such spaces are generally used, including, but not limited to, school athletic and school entertainment events; and

(6) Individuals possessing an authorized permit from the City, such as a special event or parade permit, shall be allowed to engage in activity authorized by the permit.

Sec. 15-10. ~~Reserved.~~

Sec. 15-11. Noise- Use of amplifying devices and sound trucks.

(a) It shall be unlawful for any person to use or operate, or cause to be used or operated, any mechanical or electrical device, machine, apparatus or instrument to intensify, amplify or reproduce the human voice or to produce, reproduce, intensify or amplify any other sound in any building or on any premises of the city or in or on any vehicle in the city for any purpose whereby the sound therefrom is cast directly upon the public streets or places, or which is so placed or operated that the sound coming therefrom can be heard on the streets or on neighboring premises to the annoyance or inconvenience of a reasonable person having normal nervous sensibilities, and being of ordinary tastes, habits and modes of living.

(b) Notwithstanding the above provisions, amplifying devices and sound trucks may be used in the city provided a permit therefor is first obtained from the chief of police and such permit designates the term of the permit as determined by the Chief of Police.

(c) Businesses who during the course of normal operations provide live or pre-recorded music or voice amplification and which have designated areas for live music or pre-recorded music or voice amplification, such as an outside stage, bandstand, or similar designated area where outside events or meals are held may, upon application to the Chief of Police, obtain a permit which is good for one (1) calendar year from date of issuance.

(d) All permits issued under this ordinance are subject to restrictions designated at time of issuance and may be revoked due to violations of restrictions or other cause.

...

Section 3. Severability. Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portion or portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

Section 4. Penalty. Any person who violates or causes, allows, or permits another to violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine in accordance with the general penalty section 1-5 of the Code of Ordinances. Each occurrence of any such violation of this Ordinance shall constitute a separate offense. Each day on which any such violation of this Ordinance occurs shall constitute a separate offense.

Section 5. Publication. The City Clerk of the City of Alvin is hereby directed to publish this ordinance, or its caption and penalty clause, in one issue of the official City newspaper as required by *Chapter 52 of the Texas Local Government Code* and the *City of Alvin Charter*.

Section 6. Effective Date. This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of *Chapt. 52, Tex. Loc. Gov't. Code* and the *City of Alvin Charter*.

Section 7. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, *Chapt. 551, Tex. Gov't. Code*.

PASSED AND APPROVED on first and final reading on the _____ day of _____, 2016.

ATTEST:

CITY OF ALVIN, TEXAS:

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor

ORDINANCE NO. 16-B

AN ORDINANCE AMENDING CHAPTER 15, MISCELLANEOUS OFFENSES OF THE CODE OF ORDINANCES, SECTION 9.1-NOISE; BY REVISING THE LIST OF SOUND NUISANCES, ESTABLISHING MAXIMUM PERMISSIBLE SOUND LEVELS DEFINED BY DECIBEL, ESTABLISHING EXEMPTIONS, AND PROVIDING REGULATIONS FOR BUSINESS SOUND PERMITS; ALSO PROVIDING FOR A SEVERABILITY CLAUSE; A PENALTY CLAUSE; PUBLICATION AND AN EFFECTIVE DATE.

WHEREAS, it is the policy of the City of Alvin to minimize the exposure of citizens to excessive noise and to protect, promote and preserve the public health, comfort, convenience, safety and welfare; and

WHEREAS, it is the intent of the City to control the level of noise in a manner which promotes commerce; protects the sleep and repose of citizens; promotes the use, value and enjoyment of property; and preserves the quality of the environment; and

WHEREAS, it is desirable to address common noise complaints caused by repetitive and excessive noise by adding maximum decibel levels and by adding restrictions on noise from animals and from amplifiers in public right-of-way;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. The above and foregoing premises are true and correct and are incorporated herein and made a part hereof for all purposes.

Section 2. That Section 15-9.1 “Noise – Unreasonably loud, disturbing noises prohibited; enumeration” is hereby amended to read as follows:

...

Sec. 15-10.1 Noise - Sound nuisances.

It shall be unlawful for any person to make, continue, or cause to be made or continued, any unreasonably loud, disturbing, or unnecessary noise which causes material distress, discomfort or injury to persons of ordinary sensibilities. It also shall be unlawful for any person to make, assist in making, permit, continue, cause to be made or continued or permit the continuance of any sound which exceeds the maximum permitted sound levels specified in section 15-10.2. The acts enumerated in this article, among others, are declared to be sound nuisances which are unreasonably loud, irritating, disturbing or excessive sounds in violation of this article, but such enumeration shall not be deemed to be exclusive:

- (a) Horns or other signaling devices. The sounding of any horn or signaling device on any automobile or other vehicle on any street or public place of the city, except as a danger warning; the creation by means of any such signaling device of any unreasonably loud or harsh sound; and the sounding of any such device for an unnecessary and unreasonable period of time.
- (b) Animals, birds, etc.
 - (1) The keeping of any animal or bird that causes or makes frequent or long and continued sound, that unreasonably disturbs, injures, or endangers the comfort, repose, health, peace, or safety of ordinary, reasonable persons of normal sensibilities and ordinary tastes, habits, and modes of living who reside in the vicinity thereof is hereby prohibited and declared to be unlawful as a sound nuisance in violation of this article, regardless of whether the sound so created by said animal or bird is within the permissible levels specified in section 15-10.2.
 - (2) In any prosecution for a violation of this section, the fact that any animal or bird has been allowed or permitted to persistently and chronically violate this section, as demonstrated by the issuance of three (3) or more citations and/or the receipt of three (3) or more complaints from more than one household within a sixty (60) day period creates a rebuttable presumption that such noise was in violation of this article.
- (c) Power and pneumatic equipment. Operate or permit to be operated any power or pneumatic equipment outdoors in a residential area, or within one hundred fifty (150) feet of the boundary line of a residential lot between the hours of 10:00 p.m. and 7:00 a.m. Motorized electric or fuel powered equipment including, but not limited to tractors, lawnmowers and other similar devices or equipment shall be considered power equipment.
- (d) Defect in vehicle or load. The use of any automobile or other vehicle so out of repair, so loaded or in such manner as to create loud and unnecessary grating, grinding, rattling or other noise.
- (e) Construction or repairing of buildings. The erection (including excavating), demolition, alteration or repair of any building other than between the hours of 7:00 a.m. and 6:00 p.m. on weekdays, except in case of urgent necessity in the interest of public health and safety, and then only with a permit from the building inspector which shall be granted for a period of time not to exceed the period in which the emergency continues.
- (f) Schools, courts, churches, hospitals. The creation of any excessive noise on any street adjacent to any school, church or court while the same are in use, or adjacent to any hospital, which unlawfully interferes with the workings of such institution or which disturbs or unduly annoys the patients in the hospital, provided conspicuous signs are displayed in such streets indicating that the same is a school, church, hospital or court street.

(g) Vehicular sound amplification systems.

- (1) A sound amplifier which is part of or connected to a radio, stereo receiver, compact disc player, mp3, cellular devices or other similar device or service operated within a motor vehicle operated at such a volume that is plainly audible.
- (2) If the sound [is] audible at a distance of thirty (30) feet from the source or causes a person to be aware of or feel the vibration accompanying the sound at a distance of thirty (30) feet from the source, a prima facie case shall be established that the radio, stereo receiver, compact disc player, cassette player or other similar device is being operated at a volume that is plainly audible.

For purposes of this subsection, “plainly audible” means any sound produced by a sound amplification system from within a vehicle that clearly can be heard at a distance of thirty (30) feet or more. Measurement standards shall be the auditory senses, based on direct line of sight. Words or phrases need not be discernible, and bass reverberations are included.

- (h) It shall be prima facie unlawful and a violation of this article for any person to operate or cause to be operated any source of vibration or to discharge or allow the escape of any vibration in such a manner as to cause by such operation a vibration that can be detected without the aid of instruments at any point within the receiving real property.

Sec.15-10.2. Maximum permissible sound levels.

(a) No person shall conduct, permit or allow any activity or sound source to produce a sound that is discernible beyond the property line of the property on which the sound is being received that, when measured as provided in section 15-10.3, exceeds the following applicable dB(A) level listed for the property on which the sound is received:

(1) *Residential property.*

- a. Sixty-five dB(A) during daytime hours.
- b. Sixty dB(A) during nighttime hours.

(2) *Non-residential property.* Seventy db(A) during either daytime or nighttime hours.

(b) The dB(A) levels set forth in this section applies to the property where the sound is being received. Any sound that, when measured at the property where the sound is being received, exceeds the dB(A) levels set forth in this section is a prima facie violation of this article.

Sec. 15-10.3. Measures and Standards

Under this article, measurement of sound may be made, as applicable, with a sound level meter meeting the standards prescribed by the American National Standards Institute (ANSI).

Measurements of sound shall be taken so as to provide a proper representation of the sound being measured. The Chief of Police shall develop procedures to be followed in measuring sounds.

Sec. 15-10.4. Exemptions.

Sounds caused by the following are exempt from the prohibitions set out in section 15-10.2 and are in addition to the exemptions specifically set forth in this section:

- (1) Repairs of utility structures which pose a clear and immediate danger to life, health, or significant loss of property;
- (2) Sirens, whistles, or bells lawfully used by emergency vehicles, or other alarm systems used in case of fire, collision, civil defense, police activity, or imminent danger;
- (3) The emission of sound for the purpose of alerting persons to the existence of an emergency or the emission of sound in the performance of emergency work;
- (4) Repairs or excavations of bridges, streets, or highways by or on behalf of the City of Alvin, or other governmental entity, between the hours of 7:00 p.m. and 7:00 a.m., when public welfare and convenience renders it impractical to perform the work between 7:00 a.m. and 7:00 p.m.;
- (5) Reasonable activities conducted on public playgrounds and public or private school grounds, which are conducted in accordance with the manner in which such spaces are generally used, including, but not limited to, school athletic and school entertainment events; and
- (6) Individuals possessing an authorized permit from the City, such as a special event or parade permit, shall be allowed to engage in activity authorized by the permit.

Sec. 15-11. Noise - Use of amplifying devices and sound trucks.

(a) It shall be unlawful for any person to use or operate, or cause to be used or operated, any mechanical or electrical device, machine, apparatus or instrument to intensify, amplify or reproduce the human voice or to produce, reproduce, intensify or amplify any other sound in any building or on any premises of the city or in or on any vehicle in the city for any purpose whereby the sound therefrom is cast directly upon the public streets or places, or which is so placed or operated that the sound coming therefrom can be heard on the streets or on neighboring premises to the annoyance or inconvenience of a reasonable person having normal nervous sensibilities, and being of ordinary tastes, habits and modes of living.

(b) Notwithstanding the above provisions, amplifying devices and sound trucks may be used in the city provided a permit therefor is first obtained from the chief of police and such permit designates the term of the permit as determined by the Chief of Police.

(c) Businesses who during the course of normal operations provide live or pre-recorded music or voice amplification and which have designated areas for live music or pre-recorded music or voice amplification, such as an outside stage, bandstand, or similar designated area where outside events or meals are held may, upon application to the Chief of Police, obtain a permit which is good for one (1) calendar year from date of issuance.

(d) All permits issued under this ordinance are subject to restrictions designated at time of issuance and may be revoked due to violations of restrictions or other cause.

...

Section 3. Severability. Should any section or part of this ordinance be held unconstitutional, illegal, or invalid, or the application to any person or circumstance for any reasons thereof ineffective or inapplicable, such unconstitutionality, illegality, invalidity, or ineffectiveness of such section or part shall in no way affect, impair or invalidate the remaining portion or portions thereof; but as to such remaining portion or portions, the same shall be and remain in full force and effect and to this end the provisions of this ordinance are declared to be severable.

Section 4. Penalty. Any person who violates or causes, allows, or permits another to violate any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine in accordance with the general penalty section 1-5 of the Code of Ordinances. Each occurrence of any such violation of this Ordinance shall constitute a separate offense. Each day on which any such violation of this Ordinance occurs shall constitute a separate offense.

Section 5. Publication. The City Clerk of the City of Alvin is hereby directed to publish this ordinance, or its caption and penalty clause, in one issue of the official City newspaper as required by *Chapter 52 of the Texas Local Government Code* and the *City of Alvin Charter*.

Section 6. Effective Date. This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of *Chapt. 52, Tex. Loc. Gov't. Code* and the *City of Alvin Charter*.

Section 7. Open Meetings. It is hereby officially found and determined that the meeting at which this ordinance was passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, *Chapt. 551, Tex. Gov't. Code*.

PASSED AND APPROVED on first and final reading on the _____ day of _____, 2016.

ATTEST:

CITY OF ALVIN, TEXAS:

By: _____

By: _____

Dixie Roberts, City Clerk

Paul A. Horn, Mayor



AGENDA COMMENTARY

Meeting Date: 2/18/2016

Department: Economic Development **Contact:** Larry Buehler, Economic Dev. Director

Agenda Item: Consider Resolution 16-R-05; supporting the Brazoria County Commissioners' Court action to pursue State of Texas and Federal Restore Act grants for the restoration and modernization of the Quintana Beach public fishing pier and for the ecosystems restoration of the lower San Bernard River by dredging open the silted mouth of the San Bernard River; and setting forth other provisions related thereto.

Type of Item: Ordinance Resolution Contract/Agreement Public Hearing Discussion & Direction

Summary: As residents of Brazoria County, we are blessed to live in a coastal environment that provides us with a quality of life that is second to none. The recreation and educational opportunities provided by the Quintana Beach public pier provide us all an outlet to enjoy everything the Texas Coast and the Gulf of Mexico have to offer. The pier is not just a popular fishing spot for us but also a critical venue to teach our children about the delicate balance Mother Nature has created along the coast.

Reopening the mouth of the San Bernard River is critical to maintaining this balance along the Texas coast. Our wetland areas and beaches are at risk and this project will help restore the natural river flow and the water quality needed to sustain these treasures. The beneficial use of the dredge material from the river dredging project will be used to help sustain our beaches and revitalize wetlands areas.

The opening of the river also provides numerous second and third order economic benefits to industry, the state and the nation. During high water events, with the river mouth closed, the water backs up the river which creates a flood hazard for the industry and local citizens along the river. Additionally, this backwash also creates an unnatural current along the Gulf Intracoastal Waterway (GIWW) which impedes the ability of barges to safely navigate this portion of the GIWW. This unnatural current increases sediment flow causing increased siltation and draft restrictions which requires more dredging along the waterway to correct the problem. Our industry is highly dependent upon a fully capable GIWW.

We have a long history in Brazoria County and are proud to support these initiatives.

Funding Expected: Revenue ___ Expenditure ___ N/A **Budgeted Item:** Yes ___ No ___ N/A

Account Number: _____ **Amount:** _____

Legal Review Required: N/A ___ Required Date Completed: February 11, 2016

Supporting documents attached:

- Resolution 16-R-05

Recommendation: Move to approve Resolution 16-R-05; supporting the Brazoria County Commissioners' Court action to pursue State of Texas and Federal Restore Act grants for the restoration and modernization of the Quintana Beach public fishing pier and for the ecosystems restoration of the lower San Bernard river.

Reviewed by Department Head, if applicable

Reviewed by City Attorney, if applicable

Reviewed by Chief Financial Officer, if applicable

Reviewed by City Manager

RESOLUTION NO. 16-R-05

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, SUPPORTING THE BRAZORIA COUNTY COMMISSIONERS' COURT ACTION TO PURSUE STATE OF TEXAS AND FEDERAL RESTORE ACT GRANTS FOR THE RESTORATION AND MODERNIZATION OF THE QUINTANA BEACH PUBLIC FISHING PIER AND FOR THE ECOSYSTEMS RESTORATION OF THE LOWER SAN BERNARD RIVER BY DREDGING OPEN THE SILTED MOUTH OF THE SAN BERNARD RIVER; AND SETTING FORTH OTHER PROVISIONS RELATED THERETO.

WHEREAS, the City of Alvin, Texas (the "City"), is a municipal corporation that provides a full-range of governmental services to its citizens, and the City owns and operates water production and distribution facilities and wastewater collection and treatment facilities and provides other municipal services; and

WHEREAS, the City has a long standing tradition of supporting Brazoria County and Brazoria County Commissioners Court on items that will benefit the entire county and its residents; and

WHEREAS, the residents of Brazoria County are blessed to live in a coastal environment that provides us with a quality of life that is second to none, and the recreation and educational opportunities provided by the Quintana Beach public pier provide us all an outlet to enjoy everything the Texas Coast and the Gulf of Mexico have to offer; and

WHEREAS, reopening the mouth of the San Bernard River is critical to maintaining this balance along the Texas coast, and our wetland areas and beaches are at risk and this project will help restore the natural river flow and the water quality needed to sustain these treasures, and

WHEREAS, the opening of the river also provides numerous second and third order economic benefits to industry, the state and the nation. During high water events, with the river mouth closed, the water backs up the river which creates a flood hazard for the industry and local citizens along the river. **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. Findings

(a) That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct and are adopted as part of this Resolution for all purposes.

(b) It is hereby found and declared that the terms of this Resolution will be beneficial to the City and its citizens.

Section 2. Confirmation and Ratification of supporting the Brazoria County Commissioners' court action to pursue State of Texas and Federal Restore Act grants for the

restoration and modernization of the Quintana Beach public fishing pier and for the ecosystems restoration of the lower San Bernard river by dredging open the silted mouth of the San Bernard River.

Section 3. Open Meetings Act. It is hereby officially found and determined that this meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by the Open Meetings Act, *Chapter 551, Texas Government Code*.

This Resolution shall be effective on the date of passage in accordance with the Alvin City Charter.

AND, IT IS SO RESOLVED.

PASSED AND APPROVED on the ____ day of _____, 2016.

ATTEST:

CITY OF ALVIN, TEXAS

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor