

NOTICE OF PUBLIC MEETING

BE IT KNOWN that the **City Council** of the **City of Alvin** will meet in **Regular Session** on **Thursday, March 19, 2015 at 7:00 P.M.** in the **Council Chambers** located on the 2nd floor of Alvin City Hall, 216 West Sealy Street, Alvin, Texas, with the following agenda:

1. CALL TO ORDER

2. INVOCATION

3. PLEDGE OF ALLEGIANCE

4. SPECIAL PRESENTATIONS

A. Mayor to present a proclamation declaring April 2015 as Fair Housing Month.

5. APPROVAL OF MINUTES

A. Approve minutes of the February 26, 2015 Special City Council meeting.

B. Approve minutes of the March 5, 2015 Regular City Council meeting.

6. PETITIONS OR REQUESTS FROM THE PUBLIC

Speakers may be limited to 2, 3 or 5 minutes according to Section 2-24 of the Code of Ordinances, City of Alvin, Texas. State law prohibits the Mayor and members of the City Council from commenting on any statement or engaging in dialogue without an appropriate agenda item being posted in accordance with the Texas Open Meetings Law. Comments should be directed to the entire council, not individual members. Engaging in verbal attacks or comments intended to insult, abuse, malign or slander any individual shall be cause for termination of time privileges and expulsion from Council Chambers.

7. REPORTS FROM CITIZENS BOARDS, COMMISSIONS, AND COMMITTEES

8. PUBLIC HEARING - NONE

9. CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION:

All items listed under the Consent Agenda are considered to be routine, and require little or no deliberation by City Council. These items will be enacted/approved by one motion unless a Council member requests separate action on an item, in which event the item will be removed from the Consent Agenda and considered by separate action. Approval of the Consent Agenda enacts the items of legislation and authorizes implementation of other items.

A. Consider Ordinance 15-I amending the City of Alvin 2014-2015 Fiscal Year Budget by increasing (decreasing) certain expenditures and increasing (decreasing) certain revenues to the individual budget accounts in all funds set forth in the attached Exhibit "A"; second reading.

B. Consider authorizing Judge Donna Starkey and Judge Bill Pannell to attend the Legislative Update educational training in Houston, Texas on August 14, 2015.

10. MATTERS REMOVED FROM CONSENT AGENDA

11. 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, 2014; and Council's acknowledgment of receipt of the CAFR.
- B. Consider the appointment of Belt, Harris, Pechacek, LLP as the City's auditors for the year ending September 30, 2015, and authorize the Mayor to sign the Auditor's Engagement Letter.
- C. Consider Ordinance 15-K annexing a 43.24 acre tract, more or less, located along East Highway 6 in Brazoria County, Texas (Frank's Casing Alvin) into the corporate limits of the City; approving a service plan for the annexed area; making findings of fact; providing a severability clause; and providing an effective date; first reading.
- D. Consider Resolution 15-R-09 in opposition of Senate Bill (SB) number 182, House Bill (HB) number 365, Senate Bill (SB) number 156, Senate Joint Resolution number (SJR) 14, House Bill (HB) number 957, House Joint Resolution (HJR) number 71, and any other legislation of the 84th Texas legislature, regular session, that would limit the ability of the City of Alvin, to provide services to its residents and businesses.
- E. Receive and acknowledge the monthly financial report for February, 2015.

12. REPORTS FROM CITY MANAGER

- A. Review preliminary list of items for the Council meeting of April 9, 2015.
- B. Items of Community Interest.

13. 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.

14. CLOSED EXECUTIVE SESSION: The City Council will convene into a closed executive meeting in accordance with the Texas Government Code, pursuant to the authority contained in:

- A. **Section 551.074** of the Government Code: Deliberation on the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing.

- 1. City Manager Search.

15. ADJOURNMENT

I hereby certify that this Public Notice was placed on the Official Bulletin Board at City Hall on THURSDAY, MARCH 12, 2015 at 5:00 p.m.



(SEAL)


Dixie Roberts, City Clerk

I hereby certify that this Public Notice was removed from the Official Bulletin Board at City Hall on this the _____ day of _____ 2015, at _____ a. /p.m.

Dixie Roberts, City Clerk

**** 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).**

If you plan to attend this meeting and you have a disability that requires special arrangements at the meeting, please contact the City Clerk at 281-388-4255 or droboterts@cityhall.cityofalvin.com. Requests for special services must be received 48 hours prior to the meeting time. Reasonable accommodations will be made to assist your needs. City Hall is wheel chair accessible and a sloped curb entry is available at the East and West Entrances to the City Hall.



AGENDA COMMENTARY

Discussion Date: 03/19/2015

Approval Date:

Submitted By: Dixie Roberts

SUBJECT:

Mayor to present a proclamation declaring April 2015 as Fair Housing Month.

DISCUSSION:

This proclamation is presented annually and was initiated by the Department of Housing and Urban Development to reinforce the department's commitment to the concept of Fair Housing and Equal Opportunity.

The City of Alvin affirmatively supports federal objectives related to Fair Housing and Equal Opportunity.

RECOMMENDATION:

Mayoral reading of proclamation.

ATTACHMENTS:

1. Proclamation
- 2.
- 3.
- 4.
- 5.
- 6.

Submitted by:

Dixie
Roberts

Digitally signed by Dixie Roberts
DN: cn=Dixie Roberts, o=City of
Alvin, ou=City Clerk,
email=droberts@cityofalvin.com,
c=US
Date: 2015.03.04 13:45:16
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Department Head

Funds Available:

Finance Director

Approved as to Form:

Bobbi J
Kacz

Digitally signed by Bobbi J Kacz
DN: cn=Bobbi J Kacz, o=City of
Alvin, ou=Legal Department,
email=bkacz@cityofalvin.com, c=US
Date: 2015.03.10 16:01:47 -0500'

City Attorney

Approved By:

Junru
Roland

Digitally signed by Junru Roland
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o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.12 08:23:39 -0500'

City Manager



Office of the Mayor, City of Alvin, Texas

Proclamation

WHEREAS, the Department of Housing and Urban Development has initiated the sponsorship of activities during the month of April of each year designed to reinforce the Department's commitment to the concept of Fair Housing and Equal Opportunity; and

WHEREAS, the City of Alvin affirmatively supports the efforts of the Federal Government and the State of Texas to assure equal access to all Americans to rental housing and homeownership opportunities; and

WHEREAS, the City of Alvin welcomes this opportunity to reaffirm its commitment to provide equal access to housing to all of its residents without regard to race, color, religion, sex, disability, familial status, national origin or source of income; and

WHEREAS, the City of Alvin affirmatively supports programs that will educate the public concerning their rights to equal housing opportunities and to participate in efforts with other organizations to assure every person their right to fair housing; and

WHEREAS, the City of Alvin is honored to join the Federal Government, the State of Texas, and local jurisdictions across America in celebrating the rich diversity of our people and the right of all citizens to live where they choose without fear of discrimination.

NOW, THEREFORE, I Paul A. Horn, Mayor of the City of Alvin, Texas, do hereby proclaim April as the month to celebrate and honor all efforts which guarantee the right to live free of discriminatory housing practices and proclaim this month as:

“FAIR HOUSING MONTH”

and urge all local officials and public and private organizations to join activities designed to further Fair Housing objectives.

IN WITNESS WHEREOF, I have hereunto set my hand and cause the Seal of the City of Alvin to be affixed this the 19th day of March, 2015.

Paul A. Horn, Mayor

MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
CITY COUNCIL SPECIAL MEETING
PUBLIC HEARING
THURSDAY FEBRUARY 26, 2015
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 Special Public Hearing Session at 7:00 P.M. in the Council Chambers at City Hall, with the following members present: Mayor Paul A. Horn, Council members: Gabe Adame, Brad Richards, Roger Stuksa and Keith Thompson. Also present: Dixie Roberts, City Clerk. *Absent: Council member's: Adam Arendell, Scott Reed, and Terry Droege.*

INVOCATION

Mayor Paul Horn led the invocation.

PLEDGE OF ALLEGIANCE

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

PUBLIC HEARING

A public hearing for the annexation of a 43.24, more or less, acres of land requested by Keith Mosing for property at the Frank's Casing Crew location at 3735 East Highway 6 in Brazoria County, Texas.

Mayor Horn opened the public hearing at 7:01 p.m.

Mayor Horn closed the public hearing at 7:02 p.m.

ADJOURNMENT

Council member Adame moved to adjourn the meeting at 7:02 p.m. Seconded by Council member Stuksa; motion to adjourn carried on a vote of 4Ayes.

PASSED and APPROVED this _____ day of _____, 2015.

Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Clerk

MINUTES
CITY OF ALVIN, TEXAS
216 W. SEALY STREET
REGULAR CITY COUNCIL MEETING
THURSDAY MARCH 5, 2015
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, Council members: Gabe Adame, Adam Arendell, Scott Reed, Brad Richards, Roger Stuksa and Keith Thompson. Also present: Junru Roland, Interim City Manager; Bobbi Kacz, City Attorney and Dixie Roberts, City Clerk. *Absent: Councilmember Terry Droege.*

INVOCATION

Councilmember Adame gave the invocation.

SPECIAL PRESENTATION

Mayor Horn presented a proclamation proclaiming the month of March, 2105 as DeMolay month.

PLEDGE OF ALLEGIANCE

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

Council member Reed led the Pledge of Allegiance to the Texas Flag.

APPROVAL OF MINUTES

Approve minutes of the February 10, 2015 City Council Workshop session.

Council member Adame moved to approve the City Council Workshop session meeting minutes of February 10, 2015. Seconded by Council member Stuksa; motion to approve carried on a vote of 6 Ayes.

Approve minutes of the February 19, 2015 City Council Workshop session.

Council member Reed moved to approve the City Council workshop session minutes of February 19, 2015. Seconded by Council member Richards; motion to approve carried on a vote of 6 Ayes.

Approve minutes of the February 19, 2015 Regular City Council meeting

Council member Arendell moved to approve the regular City Council meeting minutes of February 19, 2015. Seconded by Council member Reed; motion to approve carried on a vote of 6 Ayes.

PETITIONS OR REQUESTS FROM THE PUBLIC

There were no requests or petitions from the public.

REPORTS FROM CITIZENS BOARDS, COMMISSIONS, AND COMMITTEES

No reports were given.

PUBLIC HEARINGS

There were no public hearings.

CONSENT AGENDA: CONSIDERATION AND POSSIBLE ACTION

- A. Consider street closures for Opening Day festivities of Alvin Little League Baseball at Lions Park scheduled for Saturday, March 28, 2015 from 8 a.m. to 6:00 p.m.; street closures requested are College Dr. at W. Dumble St. and College Dr. at Stadium Dr. for all incoming and outgoing traffic.
- B. Consider approval of out of state travel for Ron Schmitz (E.M.S. Director) from March 19 - 23, 2015 to White Sands Missile Range, New Mexico, to attend the 26th Annual Bataan Memorial Death March as part of a training deployment of the State of Texas's Emergency Medical Task Force (EMTF).

Council member Adame moved to approve the items on the consent agenda. Seconded by Council member Arendell; motion to approve carried on a vote of 6 Ayes.

MATTERS REMOVED FROM CONSENT AGENDA

There were no items removed.

OTHER BUSINESS

Request to be on agenda by Janice Knape Steffen, owner of BlueHouse Coffee on the Go, to discuss her desire and intent to operate a coffee delivery service within the city.

Ms. Janice Knape Steffen stated that she is the owner of Blue House Coffee on the Go, a coffee delivery service. She is seeking permission to operate her business within the city. She informed council that she currently has permits to operate with Angleton, Lake Jackson and Brazoria County.

Council member Reed asked if Ms. Steffen had enlisted the use of a commissary, as required.

Ms. Steffen stated that she was in the process of acquiring a commissary. The other cities are not requiring the use of a commissary.

Council member Reed informed Ms. Steffen that the city wants to see her business succeed, but rules and regulations have to be followed.

Discussion continued on the type of services offered by Blue House Coffee, the commissary required by the State, the city's mobile vendor and corridor ordinances.

Mr. Kendall Steffen stated that they are seeking an exception to the corridor ordinance in order to be able to deliver coffee along the corridor. He stated that they will not be "soliciting" business, but will be delivering as requested.

Discussion continued.

Ms. Kacz, City Attorney stated that the mobile vendor and the food and food establishment ordinances need to be revised. She suggested that council hold a workshop to discuss the needed revisions to the ordinances. City Council concurred.

Consider a variance request submitted by Robert Findley, on behalf of Genesis Energy LLC, for a reduction in the amount of insurance required for the pipeline permit that was granted by Ordinance 14-HH in November 2014.

In November 2014 Ordinance 14-HH was approved by Council granting Genesis Energy LLC a permit to reroute an existing 8" crude oil pipeline that was constructed in the late 1930s and currently runs under the warehouse facility located at 715 N. 2nd Street that is owned by GP Assets. Genesis has requested that their contractor be allowed to reduce the amount of insurance coverage provided for the portion of the work that is in the Dryer Street right-of-way from the \$25,000,000 per occurrence and aggregate, as required by the ordinance, to \$10,000,000 for each occurrence and aggregate which is more in line with pipeline industry standard.

Council member Reed moved to approve a variance request submitted by Robert Findley, on behalf of Genesis Energy LLC, for a reduction in the amount of insurance required for the pipeline permit that was granted by Ordinance 14-HH in November 2014. Seconded by Council member Thompson; motion to approve carried on a vote of 6 Ayes.

Consider a plat requested under the Final Plat Procedure for Heritage South, 23.5136 acres consisting of Pecan Ridge Subdivision, which are Lots 1 and 2, of a 4.1319 acre tract of a 4.9996 acre tract, and of a 10.9800 acre tract in the City of Alvin, Brazoria County, Texas.

In November 2014 Ordinance 14-HH was approved by Council granting Genesis Energy LLC a permit to reroute an existing 8" crude oil pipeline that was constructed in the late 1930s and currently runs under the warehouse facility located at 715 N. 2nd Street that is owned by GP Assets. Genesis has requested that their contractor be allowed to reduce the amount of insurance coverage provided for the portion of the work that is in the Dryer Street right-of-way from the \$25,000,000 per occurrence and aggregate, as required by the ordinance, to \$10,000,000 for each occurrence and aggregate which is more in line with pipeline industry standard.

Council member Thompson moved approve a plat requested under the Final Plat Procedure for Heritage South, 23.5136 acres consisting of Pecan Ridge Subdivision, which are Lots 1 and 2, of a 4.1319 acre tract of a 4.9996 acre tract, and of a 10.9800 acre tract in the City of Alvin, Brazoria County, Texas. Seconded by Council member Arendell; motion to approve carried on a vote of 5 Ayes, with Council member Stuksa voting No.

Consider Ordinance 15-I amending the City of Alvin 2014-2015 Fiscal Year Budget by increasing (decreasing) certain expenditures and increasing (decreasing) certain revenues to the individual budget accounts in all funds set forth in the attached Exhibit "A".

City Council considered each proposed budget amendment presented by number:

GENERAL FUND

Animal Shelter Program

#1	111-3501-18-1001	Salaries	\$13,063	
	111-3501-18-1009	TMRS	\$2,238	
	111-3501-18-1011	FICA	\$1,000	
	111-9001-00-3252	Insurance	\$4,700	
			\$21,000	Hire 1 full time Kennel Tech

Council member Thompson moved to approve budget amendment #1 as stated above; Seconded by Council member Richards; motion to approve carried on a vote of 6 Ayes.

HUMAN RESOURCE S

DEPARTMENT

#2	111-2503-00-1001	Salaries	\$(16,830)	
	111-1005-00-1009	TMRS	\$(2,883)	
	111-1005-00-1011	FICA	\$(1,287)	
			\$(21,000)	Postpone hiring HR Director

Council member Stuksa moved to approve budget amendment #2 as stated above; Seconded by Council member Adame; motion to approve carried on a vote of 6 Ayes.

**MUNICIPAL COURT
TECHNOLOGY FUND**

#3	124-2502-00-3100 124-300000	Contractual Services Fund Balance	\$2,000 \$2,000	Copy Machine
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Council member Richards moved to approve budget amendment #3 as stated above; Seconded by Council member Arendell; motion to approve carried on a vote of 6 Ayes.

CONTINGENCY FUND

#4	311-9001-00-3530 311-300000	Reserved Contingency Fund Balance	\$5,000 \$5,000	Keep Alvin Beautiful Contribution
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Council member Arendell moved to approve budget amendment #4 as stated above; Seconded by Council member Reed; motion to approve carried on a vote of 6 Ayes.

**HOTEL OCCUPANCY
TAX FUND**

#5	121-1006-14-3172 121-300000	Shooting Range Fund Balance	\$7,800 \$7,800	NSSF Shot Show Conference
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Council member Reed moved to approve budget amendment #5 as stated above; Seconded by Council member Arendell; motion to approve carried on a vote of 6 Ayes.

IMPACT FEE FUND

#6	210-5001-17-3100	Contractual Services	\$300,000	Engineering for Dyche Lane Elevated Storage Tank
#7	210-5001-17-3100 210-300000	Contractual Services Fund Balance	\$66,700 \$366,700	Utility Master Plan

Council member Thompson moved to approve budget amendment #6 as stated above; Seconded by Council member Richards; motion to approve carried on a vote of 6 Ayes.

Council member Arendell moved to approve budget amendment #7 as stated above; Seconded by Council member Adame; motion to approve carried on a vote of 6 Ayes.

EMS FUND

#8	213-3503-00-1001 213-3503-00-1009 213-3503-00-1011	Salaries TMRS FICA	\$26,196 \$4,490 \$2,004 \$32,690	Salary increase for EMTs, paramedics, and supervisors
#9	213-402070	ESD Revenue	\$41,830	

Additional Funds from 2015 Emergency Service District Contract

Council member Adame moved to approve budget amendment #8 as stated above; Seconded by Council member Arendell; motion to approve carried on a vote of 6 Ayes.

Council member Adame moved to approve budget amendment #9 as stated above; Seconded by Council member Thompson; motion to approve carried on a vote of 6 Ayes.

SALES TAX FUND

#10	312-5501-00-9025 312-300000	Detention Improvements Fund Balance	\$200,000 \$200,000	Preliminary cost to start Detention Project
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Council member Adame moved to approve budget amendment #10 as stated above; Seconded by Council member Stuksa; motion to approve carried on a vote of 6 Ayes.

Council member Arendell moved to approve Ordinance 15-I amending the City of Alvin 2014-2015 Fiscal Year Budget by increasing (decreasing) certain expenditures and increasing (decreasing) certain revenues to the individual budget accounts in all funds set forth in the attached Exhibit "A"; on first reading. Seconded by Council member Thompson; motion to approve carried on a vote of 6 Ayes.

Consider Resolution 15-R-08 opposing Senate Bill 343 and any other legislation which would erode the authority of a Home Rule Municipality.

Regarding the current legislative session, Senator Don Huffines (Dallas area) filed Senate Bill 343. Senate Bill 343 would have the effect of turning home rule cities into general law cities. This bill absolutely erodes the powers of a home rule municipality to adopt ordinances affecting the City's ability to govern its citizens. Under the bill, city voters and locally-elected officials would have to get the state legislature's permission to enact any local ordinance, rule, or regulation. The Texas Municipal League has written to Senator Huffines and also published a white paper regarding this bill. Both are attached for review. Should Council adopt this Resolution, a copy will be sent to all elected representatives for the City and to Senator Huffines.

Council member Arendell moved to adopt Resolution 15-R-08 opposing Senate Bill 343 and any other legislation which would erode the authority of a Home Rule Municipality. Seconded by Council member Richards; motion to approve carried on a vote of 6 Ayes.

Consider awarding a bid to Napco Chemical Company to purchase Sodium Bisulfite for one (1) year with an option to continue for an additional year at the same price and conditions for an estimated total of \$30,000.00.

On February 10, 2015 bids were opened and Napco Chemical Company was the lowest bidder at \$1.65 per gallon. Estimated total cost of Sodium Bisulfite is \$30,000 from account 211-6003-00-2425. Sodium Bisulfite is used at the WWTP to process wastewater. Upon Council approval, an award letter will be sent to the vendor and City departments.

Council member Thompson moved to award a bid to Napco Chemical Company to purchase Sodium Bisulfite for one (1) year with an option to continue for an additional year at the same price and conditions for an estimated total of \$30,000.00. Seconded by Council member Reed; motion to approve carried on a vote of 6 Ayes.

Consider awarding a bid to JDB Services, Inc. as the primary vendor and to Cherry Crush Concrete as a secondary vendor to purchase stabilized sand for (1) one year with an option to continue for an additional year at the same price and conditions for an estimated total cost of \$45,000.00.

On February 10, 2015 bids were opened and JDB Services, Inc. was the low bidder. In previous years, the equipment at the vendor's plants to make stabilized sand periodically broke down. In order to purchase the material for a job, we were sent to a second vendor on an emergency basis. If awarded, we will use the primary first and if they cannot produce the product, we will go to secondary vendor. Upon Council approval, an award letter will be sent to the vendor and city departments. Stabilized sand is used as a base material for streets, driveways, setting culverts, and installation of sewer and water lines. Estimated total cost for stabilized sand is \$45,000 from accounts: 312-5501-00-2375 Streets, 211-6001-00-2500 Water, 211-6002-00-2500 Sewer.

Council member Reed moved award a bid to JDB Services, Inc. as the primary vendor and to Cherry Crush Concrete as a secondary vendor to purchase stabilized sand for (1) one year with an option to continue for an additional year at the same price and conditions for an estimated total cost of \$45,000.00. Seconded by Council member Thompson; motion to approve carried on a vote of 6 Ayes.

REPORTS FROM CITY MANAGER

Review preliminary list of items for the Council meeting of March 5, 2015.

Mr. Roland reviewed the preliminary list for the March 19, 2015 City Council meeting.

Announcements/Items of Community Interest

Mr. Roland reported that the City of Alvin will be participating in the Great Texas Warrant Roundup beginning March 7, 2015. He also reported that on March 9, 2015 TXDOT will be close CR 149 to replace the wooden bridge, which will be closed for 5 to 6 months. Mr. Roland stated that live streaming of council meetings should be available within the next few months via the city website.

REPORTS FROM COUNCILMEMBERS

Pursuant to S.B. No. 1182, City Councilmembers 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.

Council member Thompson thanked members of staff for their efforts in the cleanup of the wooded area along Mustang Road.

Council member Reed spoke against the recent comments made on social media that stated city council was not interested in helping its citizens. He stated that city council works for the citizenry and does what is best for the city overall.

Council Richards requested that the newspaper verify information before printing.

Council member Adame asked for an update on the Kost Street detention pond project. He also reported that the Boy Scouts are honoring City Council member Droege and his wife on March 31st at Joe's Barbeque for their continued support and dedication to the community.

Council member Stuksa stated that he is happy to see that work has begun on the detention pond at Kost and South Street.

Mayor Horn reported that the City of Alvin was well represented at the Brazoria County Day festivities in Austin this past week. Staff and members of council met with state representatives and various agencies regarding issues important to our community.

ADJOURNMENT

Council member Stuksa moved to adjourn the meeting at 7:51p.m. Seconded by Council member Arendell; motion to adjourn carried on a vote of 6 Ayes.

PASSED and APPROVED this _____ day of _____, 2015.

Paul A. Horn, Mayor

ATTEST: _____
Dixie Roberts, City Clerk



AGENDA COMMENTARY

Discussion Date: 03/05/2015

Approval Date: 03/05/2015

Submitted By: J. Roland

SUBJECT:

Consider Ordinance 15-I amending the City of Alvin 2014-2015 Fiscal Year Budget by increasing (decreasing) certain expenditures and increasing (decreasing) certain revenues to the individual budget accounts in all funds set forth in the attached Exhibit "A". Second Reading

DISCUSSION:

RECOMMENDATION:

Move to approve Ordinance 15-I amending the fiscal year 2014-15 budget.

ATTACHMENTS:

- | | |
|-------------------|----|
| 1. Ordinance 15-I | 4. |
| 2. Exhibit "A" | 5. |
| 3. | 6. |

Submitted by:

Junru
Roland

Digitally signed by Junru Roland
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email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.02.25 13:51:12
-06'00'

Department Head

Funds Available:

Junru
Roland

Digitally signed by Junru Roland
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email=jroland@cityofalvin.com, o=City
of Alvin, ou=Finance Department,
c=US
Date: 2015.02.26 15:33:02 -06'00'

Finance Director

Approved as to Form:

Bobbi J
Kacz

Digitally signed by Bobbi J Kacz
DN: cn=Bobbi J Kacz, o=City of
Alvin, ou=Legal Department,
email=jkacz@cityofalvin.com, c=US
Date: 2015.02.26 13:16:11 -06'00'

City Attorney

Approved By:

Junru
Roland

Digitally signed by Junru Roland
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o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.02.26 15:33:12 -06'00'

City Manager

ORDINANCE 15-I

AN ORDINANCE AMENDING THE CITY OF ALVIN 2014-2015 FISCAL YEAR BUDGET BY INCREASING (DECREASING) CERTAIN EXPENDITURES AND INCREASING (DECREASING) CERTAIN REVENUES TO THE INDIVIDUAL BUDGET ACCOUNTS IN ALL FUNDS SET FORTH IN THE ATTACHED “EXHIBIT A”.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS;

Section 1. That the City of Alvin 2014-2015 Fiscal Year Budget is hereby amended by increasing (decreasing) certain expenditures and increasing (decreasing) certain revenues to the individual budget accounts in all funds set forth in Exhibit “A” attached hereto and incorporated herein by reference.

Section 2. Open Meetings Act. 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 reading this ____ day of _____, 2015.

PASSED AND APPROVED on second and final reading this ___ day of _____, 2015.

ATTEST:

CITY OF ALVIN, TEXAS

By: _____
Dixie Roberts, City Clerk

By: _____
Paul Horn, Mayor

EXHIBIT "A"
FY 2014/2015 Council Budget
Mid-Year Amendments

GENERAL FUND

Animal Shelter Program

#1	111-3501-18-1001	Salaries	13,063	
	111-3501-18-1009	TMRS	2,238	
	111-3501-18-1011	FICA	1,000	
	111-9001-00-3252	Insurance	4,700	
			<u>21,000</u>	Hire 1 full time Kennel Tech

Human Resources Department

#2	111-2503-00-1001	Salaries	(16,830)	
	111-1005-00-1009	TMRS	(2,883)	
	111-1005-00-1011	FICA	(1,287)	
			<u>(21,000)</u>	Postpone hiring HR Director

MUNICIPAL COURT TECHNOLOGY FUND

#3	124-2502-00-3100	Contractual Services	2,000	Copy Machine
	124-300000	Fund Balance	<u>2,000</u>	

CONTINGENCY FUND

#4	311-9001-00-3530	Reserved Contingency	5,000	Keep Alvin Beautiful Contribution
	311-300000	Fund Balance	<u>5,000</u>	

HOTEL OCCUPANCY TAX FUND

#5	121-1006-14-3172	Shooting Range	7,800	
	121-300000	Fund Balance	<u>7,800</u>	NSSF Shot Show Conference

EXHIBIT "A"
FY 2014/2015 Council Budget
Mid-Year Amendments

IMPACT FEE FUND

#6	210-5001-17-3100	Contractual Services	300,000	Engineering for Dyche Lane Elevated Storage Tank
#7	210-5001-17-3100	Contractual Services	66,700	Utility Master Plan
	210-300000	Fund Balance	<u>366,700</u>	

EMS FUND

#8	213-3503-00-1001	Salaries	26,196	
	213-3503-00-1009	TMRS	4,490	
	213-3503-00-1011	FICA	2,004	
			<u>32,690</u>	Salary increase for EMTs, paramedics, and supervisors
#9	213-402070	ESD Revenue	41,830	Additional Funds from 2015 Emergency Service District Contract

SALES TAX FUND

#10	312-5501-00-9025	Detention Improvements	200,000	Preliminary cost to start Detention Project
	312-300000	Fund Balance	<u>200,000</u>	



AGENDA COMMENTARY

Discussion Date:

Approval Date: 03/19/2015

Submitted By: Sonya Cates

SUBJECT:

Consider approval of Judge Donna Starkey and Judge Bill Pannell to attend the legislative update educational training in Houston, Texas August 14, 2015.

DISCUSSION:

Municipal Court judges are encouraged to complete continuing education credits to adequately perform their responsibilities within the court. The State of Texas has organized a training program so that judges can be informed of the latest laws and practices.

RECOMMENDATION:

Move to authorize Judge Pannell and Judge Starkey to attend the Legislative Update Conference in Houston, TX on August 14, 2015.

ATTACHMENTS:

- | | |
|-----------------------|----|
| 1. Registration forms | 4. |
| 2. | 5. |
| 3. | 6. |

Submitted by:

Junru
Roland

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.11 07:38:24
-05'00'

Department Head

Funds Available:

Junru
Roland

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of Alvin, ou=Finance Department,
c=US
Date: 2015.03.11 07:38:33 -05'00'

Finance Director

Approved as to Form:

Bobbi J
Kacz

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Alvin, ou=Legal Department,
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City Attorney

Approved By:

Junru
Roland

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o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.12 08:24:56 -05'00'

City Manager



Legislative Update '15 Registration Form

REGISTRATION FORM:

LUBBOCK HOUSTON DALLAS AUSTIN

Name (please print legibly): Donna Starkley
 Street: 216 W. Sealy City: Alvin Zip: 77511
 Office Telephone #: 281-388-4250 Court #: _____ Fax: 281-331-6646
 Primary City Served: Alvin Other Cities Served: _____
 Email Address: _____

Check all that apply:

- | | | | | | |
|---|--|---|--|-------------------------------------|---|
| <input type="checkbox"/> Full Time | <input checked="" type="checkbox"/> Part Time | <input type="checkbox"/> Attorney** | <input type="checkbox"/> Non-Attorney | <input type="checkbox"/> Prosecutor | <input type="checkbox"/> Defense Lawyer (\$150)** |
| <input checked="" type="checkbox"/> Presiding Judge | <input type="checkbox"/> Associate/Alternate Judge | <input type="checkbox"/> Justice of the Peace | <input type="checkbox"/> Mayor & Council (\$150)** | | |
| <input type="checkbox"/> Court Administrator | <input type="checkbox"/> Court Clerk | <input type="checkbox"/> Deputy Court Clerk | <input type="checkbox"/> Other (\$150): _____ | | |
| <input type="checkbox"/> Bailiff/Warrant Officer | | | | | |

** Please add \$50 if requesting CLE credit.

I understand that I will be responsible for making and paying for my own hotel reservation. Payment is required for this program; payment is due with this form. The registration fee is refundable if the Center is notified of cancellation in writing 10 days prior to the seminar.

If you need lodging, you will have to make your own reservation and cover the cost with the hotel.

TMCEC will send you hotel information upon receipt of your registration form and the \$100 fee (\$150 for defense lawyers & council members).

Up to six hours credit can be received for CLE with an additional payment of \$50.

Please check the program you would like to attend and return completed form with the registration fee to TMCEC.

- | | |
|---|---|
| <input type="checkbox"/> LUBBOCK | <input checked="" type="checkbox"/> HOUSTON |
| August 7, 2015
Overton Hotel
806.776.7000 | August 14, 2015
Omni Westside
281.558.8338 |
| <input type="checkbox"/> DALLAS | <input type="checkbox"/> AUSTIN |
| August 17, 2015
Omni Park West
972.869.4300 | August 21, 2015
Omni Southpark
512.448.2222 |

Course lasts from 9:00 a.m. to 5:00 p.m.

Participant Signature _____

Date _____

PAYMENT INFORMATION:

\$100 Check for Registration Fee Enclosed

For participants who do not work in a municipal court:

\$150 Check for Registration Fee Enclosed

** \$50 Check for CLE Fee Enclosed

Credit Card Registration: (Please indicate clearly if combining registration forms with a single payment.)

Credit Card type:

	<i>Credit Card Number</i>	<i>Expiration Date</i>	<i>Verification Number (found on back of card)</i>
--	---------------------------	------------------------	--

MasterCard _____

Visa _____

Total Amount: _____

\$ _____

Authorized Signature _____

Please return completed form with payment to TMCEC at 2210 Hancock Drive, Austin, TX 78756.
Fax registration forms with credit card information to 512.435.6118.



Legislative Update '15 Registration Form

REGISTRATION FORM:

LUBBOCK HOUSTON DALLAS AUSTIN

Name (please print legibly): Bill Pannell
 Street: 216 W. Sealy City: Alvin Zip: 77511
 Office Telephone #: 281-388-4250 Court #: _____ Fax: 281-331-6648
 Primary City Served: Alvin Other Cities Served: _____
 Email Address: _____

Check all that apply:

- | | | | | | |
|--|---|---|--|-------------------------------------|---|
| <input type="checkbox"/> Full Time | <input checked="" type="checkbox"/> Part Time | <input type="checkbox"/> Attorney** | <input type="checkbox"/> Non-Attorney | <input type="checkbox"/> Prosecutor | <input type="checkbox"/> Defense Lawyer (\$150)** |
| <input type="checkbox"/> Presiding Judge | <input checked="" type="checkbox"/> Associate/Alternate Judge | <input type="checkbox"/> Justice of the Peace | <input type="checkbox"/> Mayor & Council (\$150)** | | |
| <input type="checkbox"/> Court Administrator | <input type="checkbox"/> Court Clerk | <input type="checkbox"/> Deputy Court Clerk | <input type="checkbox"/> Other (\$150): _____ | | |
| <input type="checkbox"/> Bailiff/Warrant Officer | | | | | |

** Please add \$50 if requesting CLE credit.

I understand that I will be responsible for making and paying for my own hotel reservation. Payment is required for this program; payment is due with this form. The registration fee is refundable if the Center is notified of cancellation in writing 10 days prior to the seminar.

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- | | |
|---|---|
| <input type="checkbox"/> LUBBOCK | <input checked="" type="checkbox"/> HOUSTON |
| August 7, 2015
Overton Hotel
806.776.7000 | August 14, 2015
Omni Westside
281.558.8338 |
| <input type="checkbox"/> DALLAS | <input type="checkbox"/> AUSTIN |
| August 17, 2015
Omni Park West
972.869.4300 | August 21, 2015
Omni Southpark
512.448.2222 |

Course lasts from 9:00 a.m. to 5:00 p.m.

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Date _____

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** \$50 Check for CLE Fee Enclosed

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Credit Card type:

	<i>Credit Card Number</i>	<i>Expiration Date</i>	<i>Verification Number (found on back of card)</i>
<input type="checkbox"/> MasterCard	_____	_____	_____
<input type="checkbox"/> Visa	<i>Name as it appears on card (print clearly):</i> _____		
Total Amount:	_____		
\$ _____	<i>Authorized Signature</i> _____		

Please return completed form with payment to TMCEC at 2210 Hancock Drive, Austin, TX 78756.
Fax registration forms with credit card information to 512.435.6118.

2014-2015 TMCEC ACADEMIC SCHEDULE

Seminar	Date(s)	City	Hotel Information
New Judges & Clerks Seminar	December 15-19, 2014 (M-T-W-Th-F)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
Regional Judges & Clerks Seminar	January 5-7, 2015 (M-T-W)	San Antonio	Omni San Antonio at the Colonnade 9821 Colonnade Boulevard, San Antonio, TX 78230
Regional Clerks Seminar	January 11-13, 2015 (Su-M-T)	Galveston	The San Luis Resort Spa & Conference Center 5222 Seawall Boulevard Galveston, TX 77551
Level III Assessment Clinic	January 26-29, 2015 (M-T-W-Th)	Austin	Crowne Plaza Austin 6121 IH 35 North, Austin, TX 78752
Regional Judges Seminar	February 2-4, 2015 (M-T-W)	Addison	The Crowne Plaza Dallas Galleria - Addison 14315 Midway Road, Addison, TX 75001
Regional Clerks Seminar	February 4-6, 2015 (W-Th-F)	Addison	The Crowne Plaza Dallas Galleria - Addison 14315 Midway Road, Addison, TX 75001
New Judges & Clerks Orientation	February 11, 2015 (W)	Austin	TMCEC 2210 Hancock Drive, Austin, TX 78756
Regional Judges Seminar	February 16-18, 2015 (M-T-W)	Galveston	San Luis Resort Spa & Conference Center 5222 Seawall Boulevard, Galveston, TX 77551
Prosecutor's Seminar	March 8-10, 2015 (Su-M-T)	Dallas	Omni Dallas Hotel Park West 1590 Lyndon B Johnson Fwy, Dallas, TX 75234
Regional Clerks & Judges Seminar	March 16-17, 2015 (Su-M-T)	Houston	Omni Houston Hotel at Westside 13210 Katy Freeway, Houston, TX 77079
Traffic Safety Conference	March 29-31, 2015 (Su-M-T)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
Regional Judges & Clerks Seminar	April 7-9, 2015 (T-W-Th)	Amarillo	Ambassador Hotel Amarillo 3100 Interstate 40 West Amarillo, TX 79102
Regional Clerks Seminar	April 27-29, 2015 (M-T-W)	S. Padre Island	Pearl South Padre 310 Padre Boulevard, S. Padre Island, TX 78597
Regional Attorney Judges Seminar	May 3-5, 2015 (Su-M-T)	S. Padre Island	Isla Grand Beach Resort 500 Padre Boulevard, S. Padre Island, TX 78597
Regional Non-Attorney Judges Seminar	May 5-7, 2015 (T-W-Th)	S. Padre Island	Isla Grand Beach Resort 500 Padre Boulevard, S. Padre Island, TX 78597
New Judges & Clerks Orientation	May 13, 2015 (W)	Austin	TMCEC 2210 Hancock Drive, Austin, TX 78756
Bailiffs and Warrant Officers Seminar	May 17-19, 2015 (Su-M-T)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
Regional Judges & Clerks Seminar	June 8-10, 2015 (M-T-W)	Abilene	MGM Elegante Suites 4250 Ridgemont Dr., Abilene, TX 79606
Prosecutors & Court Administrators Seminar	June 21-23, 2015 (Su-M-T)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
Juvenile Case Managers Seminar	June 28-30, 2015 (Su-M-T)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
New Judges & Clerks Seminar	July 6-10, 2015 (M-T-W-Th-F)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744
Legislative Update	August 7, 2015 (F)	Lubbock	Overton Hotel and Conference Center 2822 Mac Davis Ln., Lubbock, TX 79401
Legislative Update	August 14, 2015 (F)	Houston	Omni Houston Hotel at Westside 13210 Katy Freeway, Houston, TX 77079
Legislative Update	August 17, 2015 (M)	Dallas	Omni Dallas Hotel Park West 1590 Lyndon B Johnson Fwy, Dallas, TX 75234
Legislative Update	August 21, 2015 (F)	Austin	Omni Southpark Austin 4140 Governors Row, Austin, TX 78744



AGENDA COMMENTARY

Discussion Date:

Approval Date: 03/19/2015

Submitted By: Junru Roland

SUBJECT:

Presentation by Belt, Harris, Pechacek, LLP of the City's Comprehensive Annual Financial Report (CAFR) as of September 30, 2014; and Council's acknowledgment of receipt of the CAFR.

DISCUSSION:

As required by state statute, an independent audit has been completed by the CPA firm of Belt Harris Pechacek, LLLP, for the fiscal year ended September 30, 2014. At the end of an audit, Generally Accepted Auditing Standards mandate that auditors must express an opinion of the financial records. For Fiscal 2014, 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. 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, LLLP 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.

RECOMMENDATION:

Move to accept the 2014 Comprehensive Annual Financial Report.

ATTACHMENTS:

- | | |
|------------------------------|----|
| 1. Auditor Disclosure Letter | 4. |
| 2. 2014 CAFR | 5. |
| 3. Single Audit Reports | 6. |

Submitted by:

Junru Roland
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email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
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-05'00'

Department Head

Funds Available:

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of Alvin, ou=Finance Department,
c=US
Date: 2015.03.10 11:46:49 -05'00'

Finance Director

Approved as to Form:

Bobbi J Kacz
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Alvin, ou=Legal Department,
email=bkacz@cityofalvin.com, c=US
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City Attorney

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o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.12 08:19:43 -05'00'

City Manager



Required Auditor Disclosure Letter

February 27, 2015

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, 2014, and have issued our report thereon dated February 27, 2015. 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 6, 2014, 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 6, 2014.

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. No new accounting policies were adopted and the application of existing policies was not changed during the year. 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.

Partners

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

Houston

3210 Bingle Rd., Ste. 300
Houston, TX 77055
713.263.1123

Bellville

1304 South Front St.
Bellville, TX 77418
979.865.3169

Austin

100 Congress Ave., Ste. 2000
Austin, TX 78701
512.381.0222

All Offices

www.texasauditors.com
info@txauditors.com
713.263.1550 fax



- 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 was:

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) 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.

- 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 27, 2015.

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

With respect to the supplementary information accompanying the financial statements, 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.

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 09/30/14**
 Period Ending: **9/30/2014**
 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 adjust fund 215 for expenditures reclassified to fund balance and expenditures reclassified to a CIP account. Post as of 9/30/14 and do not reverse.			
215-6001-00-9005	SCADA	216,942.91	
215-6001-00-9058	Generators	208,112.30	
215-6002-00-9055	Sewer Rehab	443,061.33	
215-105800	Construction In Progress		443,061.33
215-300000	Fund Balance		425,055.21
Total		868,116.54	868,116.54

Adjusting Journal Entries JE # 2			
To post a reclass entry for the transfer of capital assets from fund 234 to fund 211. Post as of 9/30/14 and do not reverse.			
211-100025	Claim On Pooled Cash	289,774.61	
234-0000-00-0849	Transfer from Fund 211	289,774.61	
211-9002-00-7118	Transfer to Fund 234		289,774.61
234-100025	Claim On Pooled Cash		289,774.61
Total		579,549.22	579,549.22

Adjusting Journal Entries JE # 3			
To adjust depreciation exp/accumulated depreciation to match capital asset detail. Post as of 9/30/14 and do not reverse.			
211-9002-00-6100	Depreciation Expense	384,517.44	
213-105900	Accumulated Depreciation	8,814.94	
211-105900	Accumulated Depreciation		384,517.44
213-3503-00-6100	Depreciation Expense		8,814.94
Total		393,332.38	393,332.38

Adjusting Journal Entries JE # 4			
To amortize current year portion of deferred loss on refunding for the 2013 refunding bonds. Post as of 9/30/14 and do not reverse.			
211-9002-00-5004	Bond Issuance Costs	15,337.29	
211-202517	Deferred Loss on Refunding 2013		15,337.29
Total		15,337.29	15,337.29

Adjusting Journal Entries JE # 5			
To reclass retainage related expenses that should have been capitalized under CIP. Post as of 9/30/14 and do not reverse.			
233-105800	Construction In Progress	31,926.36	

Client: **City of Alvin, Texas**
 Engagement: **4.1 - Alvin 09/30/14**
 Period Ending: **9/30/2014**
 Trial Balance: **2.2.01 - TB**
 Workpaper: **2.5.06 - AJE Report**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
233-6001-00-9068	Elevated Strge Tank - Verhalen		31,926.36
Total		31,926.36	31,926.36

Adjusting Journal Entries JE # 6

To recognize capital contribution for fund 215 Sewer Rehab (CDBG 2.2) expenditures. Post as of 9/30/14 and do not reverse.

211-105800	Construction In Progress	443,061.33	
211-406075	Contribution Of Capital Assets		443,061.33
Total		443,061.33	443,061.33

Adjusting Journal Entries JE # 7

To adjust EMS receivable and allowance so that one year of outstanding balances is recognized as the receivable and an allowance rate of 45% is used. Post as of 9/30/14 and do not reverse.

213-101190	Allowance for Uncollectibles	7,231,731.13	
213-402199	YE Receivable Adjustment	744,202.50	
213-101093	EMS Receivable		7,975,933.63
Total		7,975,933.63	7,975,933.63

Adjusting Journal Entries JE # 8

To recognize capital lease proceeds for the motorcycle lease purchase. Post as of 9/30/14 and do not reverse.

111-3501-00-4150	Machinery & Equipment	55,243.80	
111-0000-00-0896	Capital Lease Proceeds		55,243.80
Total		55,243.80	55,243.80

Adjusting Journal Entries JE # 9

To adjust fund 612 capital asset balances for two assets that were disposed of during the FY. Post as of 9/30/14 and do not reverse.

612-105900	Accumulated Depreciation	77,686.37	
612-105600	Machinery & Equipment		30,776.12
612-8002-00-6100	Depreciation Expense		46,910.25
Total		77,686.37	77,686.37

Adjusting Journal Entries JE # 10

PBC - To reverse a transfer that will be posted in FY2015. The City does not need to post if already posted.

111-100025	Claim On Pooled Cash	1,902.92	
317-406111	Transfer from General Fund	1,902.92	
111-9001-00-7119	Transfer to Fund 317		1,902.92

Client: *City of Alvin, Texas*
Engagement: *4.1 - Alvin 09/30/14*
Period Ending: *9/30/2014*
Trial Balance: *2.2.01 - TB*
Workpaper: *2.5.06 - AJE Report*

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
317-100025	Claim On Pooled Cash		1,902.92
Total		3,805.84	3,805.84

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF ALVIN, TEXAS

For the Year Ended
September 30, 2014

Official Issuing Report:

**Junru Roland
Interim City Manager/Chief Financial Officer**

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CITY OF ALVIN, TEXAS

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CITY OF ALVIN, TEXAS

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INTRODUCTORY SECTION

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CITY OF ALVIN

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

February 27, 2015

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, 2014 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, 2014 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, 2014 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, 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 (e.g., police). 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 85 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 91.

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 include the addition of new pavilions at National Oak Park. New permanent restroom facilities are in the planning stages for this year. Park projects that include the installation of fencing and amenities for a Dog Park now open at Briscoe Park have been a great addition for our community, The installation of a new large pavilion at Briscoe Park will be used for our spring Rotary BBQ Cook-off and Music Festival. This is estimated to bring thousands to the City over the two-day event.

The community is gaining momentum and many exciting things are underway. Alvin is very fortunate to have long-time businesses expanding in the area. Franks Casing International completed construction on their \$5 million 37,000 sq. ft. manufacturing building; and a 17,000 sq. ft. office building facility that will employ approximately 100 new employees. Southwest Refractory has completed its second facility in their industrial park. Construction is also complete for their own expansion facilities within the industrial park.

Ascend Performance Materials is close to announcing the new \$2.5 billion manufacturing site. This is projected to bring in an additional 100 jobs with average annual wages of \$75,000 -- using the NAICS code multipliers, this will result in an additional 500 indirect jobs to the area.

On the commercial/retail front, the new Memorial Herman Medical Group is under construction for their new physicians' offices. Starbucks is constructing their new restaurant that includes a drive-thru. Sportclips will be locating between these two facilities. Aldi's is building their new grocery store next to Whataburger. Heritage South, the \$80 million dollar commercial, retail, and residential master planned project is constructing the roadway and water/sewer infrastructure; and continues to meet with several end users. On the southeast corner of By-pass 35 and State Highway 6 --next to the Raceway gas station and convenience store-- UTMB completed their new medical offices. This now includes adult primary care along with their established pediatric services. It is part of a 22-acre site under development that is being marketed for several big-box stores. Alvin ISD has the new Bill Hassey primary school under construction on House Street. They will start construction soon on the new AISD Agriculture Center next to Fairway Middle School.

For 2014 there were 125 new residential permits for construction. The value for new residential permits equaled \$20.3 million. The value for commercial and residential repairs/additions/etc. equaled \$2.3 million. In addition, there were 14 new commercial permits issued worth \$5 million in value. All subdivisions are expanding and two of them are planning new sections to be developed.

MAJOR INITIATIVES

City Council Adopted the 2035 Comprehensive Plan last fall and staff is busy addressing several items that are slated to be complete in the 1-2 year time frame. The City's proposed municipal shooting range at the former city landfill -- approximately 5 miles west of the Alvin city limits -- is now in the financial feasibility stage. The City's consultant has communicated that the City could be drawing from a population in the Houston area of 5 million potential patrons; which would provide an economic boom for the City. Some of the amenities at the municipal shooting range would include: a police tactical area for training multiple police departments, a skeet and trap field, a five-stand international bunker trap, several sporting clay fields; and 90-meter / 3-D archery fields.

RELEVANT FINANCIAL POLICIES

It is 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, 2013. This was the twenty-ninth 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, 2013. 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.

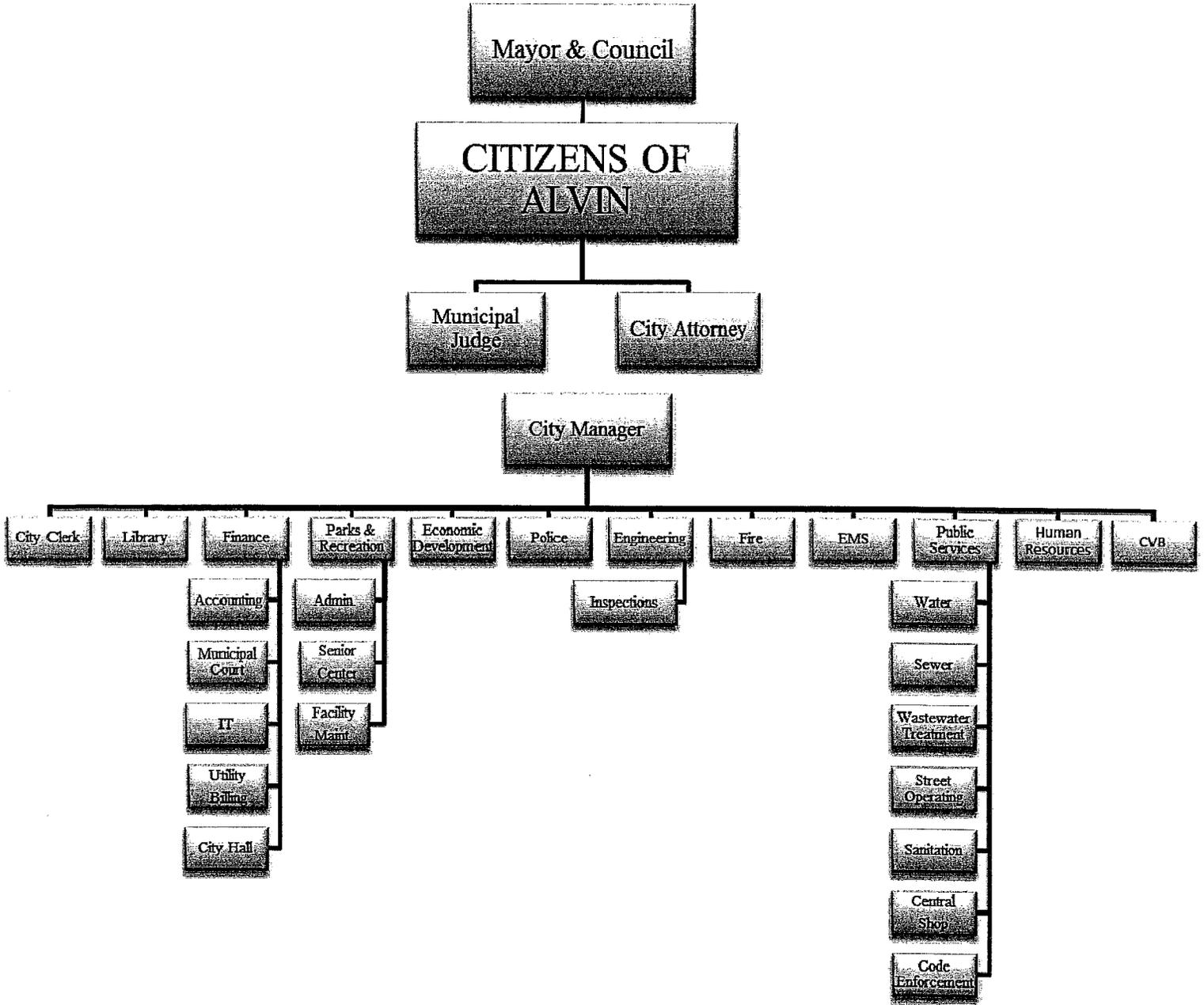
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also 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 'J. Roland', written in a cursive style.

Junru Roland CPFIM, CGFM, CGFO, CPA
Interim City Manager/Chief Financial Officer

CITY OF ALVIN, TEXAS
ORGANIZATIONAL CHART
 September 30, 2014



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, 2013

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

Executive Director/CEO

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2014

<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	2015
Keith Thompson	Council Member - District C	2015
Roger E. Stuksa	Council Member - District D	2016
Gabe Adame	Council Member - District E	2017
Brad Richards	Council Member - At Large 1	2015
Terry Droege	Council Member - At Large 2	2016

<u>Key Staff</u>	<u>Position</u>
Junru Roland	Interim 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

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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, 2014, 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

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Stephanie E. Harris, CPA
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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, 2014, 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.

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, and schedule of funding progress, 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 27, 2015 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 27, 2015

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

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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, 2014

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 and internal service 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 equipment replacement, equipment maintenance, vehicle replacement, 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 and a schedule of funding progress for the Texas Municipal 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 \$66,185,261 as of September 30, 2014. The largest portion of the City's net position, 62 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, 2014

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 16,526,411	\$ 18,581,132	\$ 13,964,332	\$ 13,453,003	\$ 30,490,743	\$ 32,034,135
Capital assets, net	37,060,472	33,947,351	27,912,858	27,584,312	64,973,330	61,531,663
Total Assets	<u>53,586,883</u>	<u>52,528,483</u>	<u>41,877,190</u>	<u>41,037,315</u>	<u>95,464,073</u>	<u>93,565,798</u>
Deferred Outflows of Resources	204,642	231,691	804,570	823,870	1,009,212	1,055,561
Total Deferred Outflows of Resources	<u>204,642</u>	<u>231,691</u>	<u>804,570</u>	<u>823,870</u>	<u>1,009,212</u>	<u>1,055,561</u>
Long-term liabilities	11,865,524	13,063,627	15,764,515	17,092,580	27,630,039	30,156,207
Other liabilities	1,103,736	1,085,384	1,554,249	1,493,746	2,657,985	2,579,130
Total Liabilities	<u>12,969,260</u>	<u>14,149,011</u>	<u>17,318,764</u>	<u>18,586,326</u>	<u>30,288,024</u>	<u>32,735,337</u>
Net Position:						
Net investment in capital assets	27,186,272	25,768,481	13,841,547	13,035,321	41,027,819	38,803,802
Restricted	7,224,941	9,229,378	-	423,744	7,224,941	9,653,122
Unrestricted	6,411,052	3,613,304	11,521,449	9,815,794	17,932,501	13,429,098
Total Net Position	<u>\$ 40,822,265</u>	<u>\$ 38,611,163</u>	<u>\$ 25,362,996</u>	<u>\$ 23,274,859</u>	<u>\$ 66,185,261</u>	<u>\$ 61,886,022</u>

A portion of the City's net position, \$7,224,941 or 11 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$17,932,501 or 27 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$4,299,239 as compared to the prior year. This increase is the result of multiple factors. Grants and contributions revenue increased compared to the prior year as a result of new projects related to capital grants. Property taxes increased as the result of an increase in the assessed property values. Payments in lieu of taxes increased due to a new agreement. These revenue increases were offset slightly by an increase in total operating expenses during the current year.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Statement of Activities:

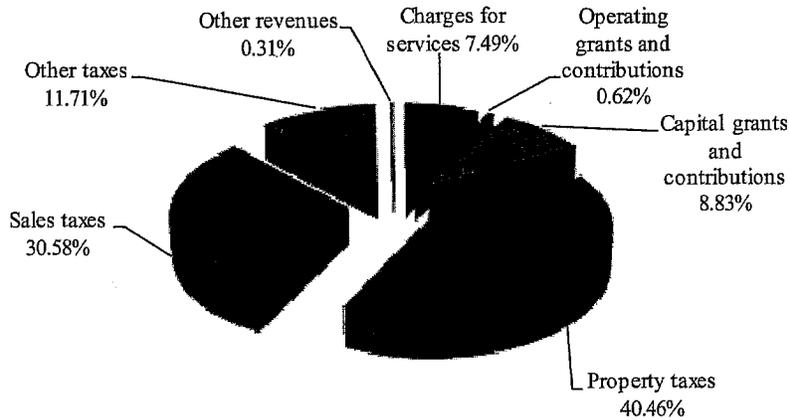
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 1,515,565	\$ 1,396,235	\$ 11,010,701	\$ 12,086,370	\$ 12,526,266	\$ 13,482,605
Operating grants and contributions	125,138	482,603	230,308	254,710	355,446	737,313
Capital grants and contributions	1,785,962	-	-	-	1,785,962	-
General revenues:						
Property taxes	8,187,335	7,703,857	-	-	8,187,335	7,703,857
Sales taxes	6,188,081	6,039,358	-	-	6,188,081	6,039,358
Other taxes	2,369,728	1,828,115	-	-	2,369,728	1,828,115
Other revenues	62,629	208,120	30,163	18,898	92,792	227,018
Total Revenues	<u>20,234,438</u>	<u>17,658,288</u>	<u>11,271,172</u>	<u>12,359,978</u>	<u>31,505,610</u>	<u>30,018,266</u>
Expenses						
General government	4,302,665	3,568,941	-	-	4,302,665	3,568,941
Public safety	7,371,478	7,605,752	-	-	7,371,478	7,605,752
Public services	1,357,311	1,602,661	-	-	1,357,311	1,602,661
Community services	3,109,731	2,937,559	-	-	3,109,731	2,937,559
Culture, parks, and recreation	1,554,800	1,526,973	-	-	1,554,800	1,526,973
Interest and fiscal agent fees	317,321	357,208	-	-	317,321	357,208
Water and sewer	-	-	5,386,508	5,409,975	5,386,508	5,409,975
Sanitation	-	-	2,150,276	2,121,232	2,150,276	2,121,232
EMS	-	-	1,656,281	1,883,560	1,656,281	1,883,560
Total Expenses	<u>18,013,306</u>	<u>17,599,094</u>	<u>9,193,065</u>	<u>9,414,767</u>	<u>27,206,371</u>	<u>27,013,861</u>
Increase in Net Position						
Before Transfers	2,221,132	59,194	2,078,107	2,945,211	4,299,239	3,004,405
Transfers in (out)	(10,030)	538,555	10,030	(538,555)	-	-
Change in Net Position	2,211,102	597,749	2,088,137	2,406,656	4,299,239	3,004,405
Beginning net position	38,611,163	38,013,414	23,274,859	20,868,203	61,886,022	58,881,617
Ending Net Position	<u>\$ 40,822,265</u>	<u>\$ 38,611,163</u>	<u>\$ 25,362,996</u>	<u>\$ 23,274,859</u>	<u>\$ 66,185,261</u>	<u>\$ 61,886,022</u>

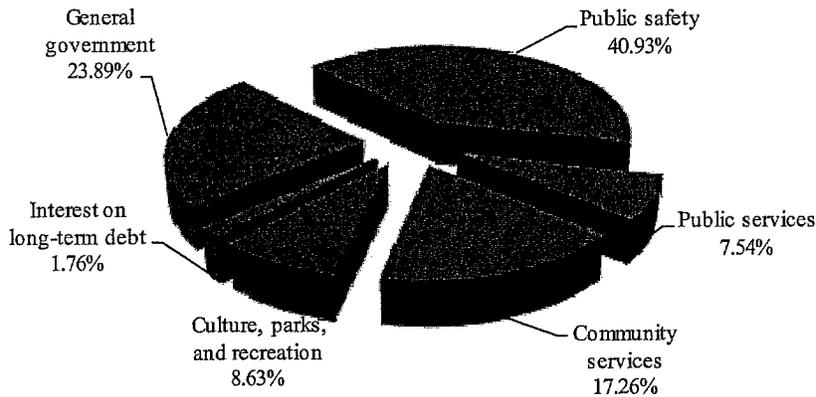
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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

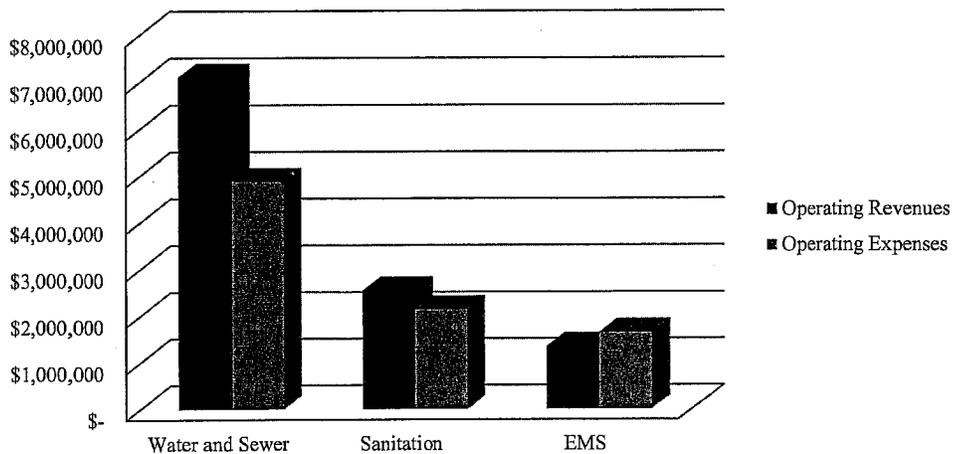
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

For the year ended September 30, 2014, revenues from governmental activities totaled \$20,234,438, which is an increase of \$2,576,150 from last year. This is primarily due to an increase in grant revenues, property taxes, and sales tax revenues.

For the year ended September 30, 2014, expenses for governmental activities totaled \$18,013,306. Overall governmental expenses increased by two percent. This is related primarily to an increase in personnel costs and planned repair/maintenance projects.

The increase in net position before transfers for business-type activities decreased \$867,104 compared to the prior year. This was primarily due to a decrease in emergency medical services revenues from a significant decrease in billing charges.

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 \$13,316,658. Of this, \$17,073 is nonspendable, \$7,224,941 is restricted for various purposes, and \$1,136,538 is assigned for various projects. The remaining balance of \$4,938,106 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$2,111,898 compared to the prior year, due mainly to increases in personnel costs and capital projects.

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 \$4,938,106, while total fund balance reached \$5,482,259. 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 41 percent of the same amount. The general fund demonstrated an overall decrease of \$49,239 due to the operating results of the current year.

The debt service fund has a total fund balance of \$79,394, all of which is restricted for the payment of debt service. The net decrease in fund balance during the year was \$22,773. This decrease can be attributed to the debt service expenditures in excess of property tax collections.

The sales tax capital projects fund recorded a decrease of \$409,046 in fund balance. This is primarily due to an increase in expenditures related to capital projects and payments to internal service funds for services provided.

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.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$783,862 in the general fund. However, the net change in fund balance only decreased by \$49,239, resulting in a positive variance of \$734,623 from budgeted as amended over actual. This was due to fewer expenditures than anticipated across the majority of the departments.

Actual general fund revenues were more than original and amended budgeted revenues by \$239,993 during 2014. This is mainly due to more revenues from other taxes and licenses and permits than anticipated.

Actual expenditures were less than budgeted amounts by \$368,454 for the fiscal year. The greatest positive variances were in the administrative, finance, 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 \$64,973,330 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$3,441,667.

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

- Roof replacement for \$389,426
- Generators for \$420,001
- Supervisory Control and Data Acquisition (SCADA) for \$328,097
- Purchase of a commercial cutway van for \$157,721
- Completion of the animal shelter building for \$2,468,776
- Completion of the Stadium Street projects for \$184,786
- Completion of the Southbend drainage project for \$276,797
- Completion of the asphalt overlay project for \$178,435
- Completion of the Kost drainage project for \$102,787
- Purchase of a gradall truck mounted telescopic excavator for \$288,004
- Purchase of a rescue fire truck for \$449,817
- Received a donated mine resistant vehicle from the Texas Department of Public Safety valued at \$773,000
- Purchase of 17 vehicles for \$500,225

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 \$24,710,008. Of this amount, \$19,715,008 was general obligation debt and certificates of obligation accounted for \$4,995,000.

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, 2014

Current underlying ratings on debt issues are as follows:

	Moody's	
	Investors	Standard and
	Services	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 2014-15 expenditure budget of \$35,164,392, which is a decrease of 2.5 percent from the prior year amended budget. The City budgeted for fiscal year 2014-15 revenues of \$34,526,049, which is an increase of 4.85 percent from the prior year amended budget. The 2014 certified taxable value is \$1,006,033,215, an increase of five 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 2014-15 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, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and equity in pooled cash and investments	\$ 10,725,053	\$ 9,594,052	\$ 20,319,105
Investments	2,521,273	499,495	3,020,768
Receivables, net of allowances	3,213,331	2,703,119	5,916,450
Internal balances	17,652	(17,652)	-
Inventory	32,455	116,258	148,713
Prepays and other assets	16,647	-	16,647
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	1,069,060	1,069,060
	16,526,411	13,964,332	30,490,743
Capital assets:			
Non-depreciable capital assets	4,809,252	2,522,955	7,332,207
Depreciable capital assets, net	32,251,220	25,389,903	57,641,123
	37,060,472	27,912,858	64,973,330
Total Assets	53,586,883	41,877,190	95,464,073
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	204,642	804,570	1,009,212
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,032,356	1,416,879	2,449,235
Accrued bond interest	71,380	137,370	208,750
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	474,597	67,620	542,217
Bonds payable	1,192,823	1,452,178	2,645,001
Capital leases payable	34,664	-	34,664
Portion due in more than one year:			
Compensated absences	52,733	7,514	60,247
Bonds payable (net of deferred charges)	8,548,462	13,927,726	22,476,188
Capital leases payable	437,826	-	437,826
Net pension obligation	1,124,419	309,477	1,433,896
Total Liabilities	12,969,260	17,318,764	30,288,024
<u>Net Position</u>			
Net investment in capital assets	27,186,272	13,841,547	41,027,819
Restricted for:			
Nonexpendable			
Perpetual care	50,000	-	50,000
Expendable			
Debt service	79,394	-	79,394
Enabling legislation	915,399	-	915,399
Tax increment reinvestment zone	148,049	-	148,049
Capital projects	6,032,099	-	6,032,099
Unrestricted	6,411,052	11,521,449	17,932,501
Total Net Position	\$ 40,822,265	\$ 25,362,996	\$ 66,185,261

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,302,665	\$ 234,378	\$ 125,138	\$ -
Public safety	7,371,478	1,281,187	-	773,000
Public services	1,357,311	-	-	1,012,962
Community services	3,109,731	-	-	-
Culture, parks, and recreation	1,554,800	-	-	-
Interest and fiscal agent fees	317,321	-	-	-
Total Governmental Activities	18,013,306	1,515,565	125,138	1,785,962
Business-Type Activities				
Water and sewer	5,386,508	7,112,516	-	-
Sanitation	2,150,276	2,548,700	-	-
EMS	1,656,281	1,349,485	230,308	-
Total Business-Type Activities	9,193,065	11,010,701	230,308	-
Total Primary Government	\$ 27,206,371	\$ 12,526,266	\$ 355,446	\$ 1,785,962

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
\$ (3,943,149)	\$ -	\$ (3,943,149)
(5,317,291)	-	(5,317,291)
(344,349)	-	(344,349)
(3,109,731)	-	(3,109,731)
(1,554,800)	-	(1,554,800)
(317,321)	-	(317,321)
<u>(14,586,641)</u>	<u>-</u>	<u>(14,586,641)</u>
-	1,726,008	1,726,008
-	398,424	398,424
-	(76,488)	(76,488)
<u>-</u>	<u>2,047,944</u>	<u>2,047,944</u>
<u>(14,586,641)</u>	<u>2,047,944</u>	<u>(12,538,697)</u>
8,187,335	-	8,187,335
6,188,081	-	6,188,081
1,701,814	-	1,701,814
667,914	-	667,914
20,650	15,163	35,813
41,979	15,000	56,979
(10,030)	10,030	-
<u>16,797,743</u>	<u>40,193</u>	<u>16,837,936</u>
2,211,102	2,088,137	4,299,239
<u>38,611,163</u>	<u>23,274,859</u>	<u>61,886,022</u>
<u>\$ 40,822,265</u>	<u>\$ 25,362,996</u>	<u>\$ 66,185,261</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2014

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 2,883,528	\$ 78,771	\$ 4,101,591	\$ 1,899,264
Investments	1,774,976	-	746,297	-
Receivables, net	1,478,027	68,779	1,052,131	597,724
Prepaid items	16,397	-	-	250
Inventory	426	-	-	-
Total Assets	\$ 6,153,354	\$ 147,550	\$ 5,900,019	\$ 2,497,238
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 272,865	\$ -	\$ 77,637	\$ 564,615
Due to others	84,901	-	-	-
Total Liabilities	357,766	-	77,637	564,615
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	313,329	68,156	-	-
<u>Fund Balances</u>				
Nonspendable:				
Inventories	426	-	-	-
Prepaid items	16,397	-	-	250
Restricted for:				
Debt service	-	79,394	-	-
Perpetual care	-	-	-	50,000
Enabling legislation	-	-	-	915,399
Tax increment reinvestment zone	-	-	-	148,049
Capital projects	-	-	5,822,382	209,717
Assigned to:				
Permanent fund	-	-	-	415,426
Special projects	-	-	-	193,782
Compensated absences	527,330	-	-	-
Unassigned	4,938,106	-	-	-
Total Fund Balances	5,482,259	79,394	5,822,382	1,932,623
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,153,354	\$ 147,550	\$ 5,900,019	\$ 2,497,238

See Notes to Financial Statements.

Total

\$ 8,963,154
 2,521,273
 3,196,661
 16,647
 426

\$ 14,698,161

\$ 915,117
 84,901

1,000,018

381,485

426
 16,647

79,394
 50,000
 915,399
 148,049
 6,032,099

415,426
 193,782
 527,330

4,938,106

13,316,658

\$ 14,698,161

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2014

Total fund balances - total governmental funds	\$	13,316,658
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		4,809,252
Capital assets, net depreciable		31,038,423
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		381,485
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.		
		2,968,774
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable		(71,380)
Non-current liabilities due in one year		(1,693,004)
Non-current liabilities due in more than one year		(10,132,585)
Deferred charge on refunding		204,642
Net Position of Governmental Activities	\$	<u>40,822,265</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, 2014

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
Revenues				
Property taxes	\$ 6,542,250	\$ 1,538,565	\$ -	\$ 92,295
Sales taxes	2,063,104	-	4,124,977	-
Franchise fees and taxes	1,339,913	-	-	361,901
Other taxes	667,914	-	-	-
Licenses and permits	757,846	-	-	-
Fines and forfeitures	499,308	-	-	24,033
Charges for services	194,628	-	-	39,750
Intergovernmental	42,327	-	144,845	950,928
Investment revenue	2,117	206	4,596	12,212
Other revenue	-	-	2,994	27,448
	Total Revenues	1,538,771	4,277,412	1,508,567
Expenditures				
Current:				
General government	3,717,512	-	-	40,943
Public safety	6,972,316	-	-	113,908
Public services	733,558	-	-	-
Community services	127,112	-	2,862,974	274,448
Culture, parks, and recreation	1,334,715	-	-	17,419
Capital outlay	586,048	-	1,398,233	2,661,347
Debt service:				
Principal	30,461	1,267,127	-	16,730
Interest and fiscal agent fees	7,297	294,417	-	2,821
	Total Expenditures	1,561,544	4,261,207	3,127,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,399,612)	(22,773)	16,205	(1,619,049)
Other Financing Sources (Uses)				
Transfers in	1,317,091	-	-	890,081
Transfers (out)	(21,962)	-	(425,251)	(901,872)
Capital leases	55,244	-	-	-
	Total Other Financing Sources (Uses)	-	(425,251)	(11,791)
Net Change in Fund Balances	(49,239)	(22,773)	(409,046)	(1,630,840)
Beginning fund balances	5,531,498	102,167	6,231,428	3,563,463
Ending Fund Balances	\$ 5,482,259	\$ 79,394	\$ 5,822,382	\$ 1,932,623

See Notes to Financial Statements.

Total

\$ 8,173,110
6,188,081
1,701,814
667,914
757,846
523,341
234,378
1,138,100
19,131
30,442

19,434,157

3,758,455
7,086,224
733,558
3,264,534
1,352,134
4,645,628

1,314,318
304,535

22,459,386

(3,025,229)

2,207,172
(1,349,085)
55,244

913,331

(2,111,898)

15,428,556

\$ 13,316,658

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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, 2014

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

Net changes in fund balances - total governmental funds	\$	(2,111,898)
---	----	-------------

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.

Capital outlay		3,926,180
Depreciation expense		(1,895,630)

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.

Principal payments		1,283,857
Amortization of deferred amounts		(10,715)
Compensated absences		(4,365)
Capital lease activity		(22,490)
Net pension obligation		(74,151)
Accrued interest		(2,071)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		787,225
---	--	---------

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.		335,160
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	\$	2,211,102
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See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 7,210,447	\$ 1,409,810	\$ 973,795	\$ 9,594,052
Investments	499,495	-	-	499,495
Accounts receivable (net of allowance for uncollectibles)	994,144	309,712	1,399,263	2,703,119
Advances to other funds	-	-	-	-
Inventory	116,258	-	-	116,258
Total Current Assets	<u>8,820,344</u>	<u>1,719,522</u>	<u>2,373,058</u>	<u>12,912,924</u>
Noncurrent assets				
Restricted cash, cash equivalents, and investments:				
Customer deposits	1,069,060	-	-	1,069,060
Total Restricted Assets	<u>1,069,060</u>	<u>-</u>	<u>-</u>	<u>1,069,060</u>
Capital assets:				
Land	937,829	503,538	-	1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	408,603	2,610,608	36,879	3,056,090
Infrastructure	46,060,976	15,342	-	46,076,318
Equipment	2,137,885	-	364,477	2,502,362
Construction in progress	1,081,588	-	-	1,081,588
Less allowance for depreciation	(29,908,308)	(1,851,545)	(647,471)	(32,407,324)
Total Capital Assets (Net)	<u>26,242,106</u>	<u>1,358,444</u>	<u>312,308</u>	<u>27,912,858</u>
Total Noncurrent Assets	<u>27,311,166</u>	<u>1,358,444</u>	<u>312,308</u>	<u>28,981,918</u>
Total Assets	<u>\$ 36,131,510</u>	<u>\$ 3,077,966</u>	<u>\$ 2,685,366</u>	<u>\$ 41,894,842</u>
Deferred Outflows of Resources				
Deferred charge on refunding	\$ 800,993	\$ 3,577	\$ -	\$ 804,570

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,761,899

-

16,670

17,652

32,029

1,828,250

-

-

-

7,754

-

-

3,602,871

-

(2,397,828)

1,212,797

1,212,797

\$ 3,041,047

\$ -

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2014

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 125,125	\$ 190,850	\$ 31,844	\$ 347,819
Accrued interest payable	135,342	1,291	737	137,370
Bonds payable - current	1,421,957	25,338	4,883	1,452,178
Compensated absences	53,123	-	14,497	67,620
Total Current Liabilities	1,735,547	217,479	51,961	2,004,987
Current Liabilities Payable From Restricted Assets				
Customer deposits	1,069,060	-	-	1,069,060
Total Current Liabilities Payable From Restricted Assets	1,069,060	-	-	1,069,060
Noncurrent liabilities				
Bonds payable, net of deferred charges	13,706,393	99,685	121,648	13,927,726
Advances from other funds	-	-	17,652	17,652
Compensated absences	5,903	-	1,611	7,514
Net pension obligation	162,151	-	147,326	309,477
Total Noncurrent Liabilities	13,874,447	99,685	288,237	14,262,369
Total Liabilities	16,679,054	317,164	340,198	17,336,416
Net Position				
Net investment in capital assets	12,418,772	1,236,998	185,777	13,841,547
Unrestricted net position	7,834,677	1,527,381	2,159,391	11,521,449
Total Net Position	\$ 20,253,449	\$ 2,764,379	\$ 2,345,168	\$ 25,362,996

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 32,338

-

-

9,080

41,418

-

-

1,009

29,846

30,855

72,273

1,212,797

1,755,977

\$ 2,968,774

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2014

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Operating Revenues</u>				
Water service	\$ 3,279,809	\$ -	\$ -	\$ 3,279,809
Sewer service	3,459,687	-	-	3,459,687
Sanitation service	-	2,547,806	-	2,547,806
Emergency medical service	-	-	1,340,390	1,340,390
Charges for services	-	-	-	-
Other revenue	373,020	894	9,095	383,009
	Total Operating Revenues	7,112,516	2,548,700	1,349,485
				11,010,701
<u>Operating Expenses</u>				
Water service	1,367,142	-	-	1,367,142
Sewer service	2,148,810	-	-	2,148,810
Sanitation service	-	2,105,603	-	2,105,603
Emergency medical service	-	-	1,623,074	1,623,074
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,369,253	40,944	28,605	1,438,802
	Total Operating Expenses	4,885,205	2,146,547	1,651,679
				8,683,431
	Operating Income (Loss)	2,227,311	402,153	(302,194)
				2,327,270
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	230,308	230,308
Gain on sale of capital assets	15,000	-	-	15,000
Investment revenue	11,835	1,763	1,565	15,163
Interest and fiscal agent fees	(501,303)	(3,729)	(4,602)	(509,634)
	Total Nonoperating Revenues (Expenses)	(474,468)	(1,966)	227,271
				(249,163)
	Income (Loss) Before Contributions and Transfers	1,752,843	400,187	(74,923)
				2,078,107
Capital contribution	868,117	-	-	868,117
Transfers in	69,635	-	-	69,635
Transfers (out)	(649,910)	(223,348)	(54,464)	(927,722)
	Total Contributions and Transfers	287,842	(223,348)	(54,464)
				10,030
	Change in Net Position	2,040,685	176,839	(129,387)
				2,088,137
Beginning net position	18,212,764	2,587,540	2,474,555	23,274,859
	Ending Net Position	\$ 20,253,449	\$ 2,764,379	\$ 2,345,168
				\$ 25,362,996

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$	-
	-
	-
	-
	1,103,122
	426,116
	<u>1,529,238</u>
	-
	-
	-
	-
	225,867
	821,614
	159,653
	<u>1,207,134</u>
	322,104
	-
	11,537
	1,519
	-
	<u>13,056</u>
	335,160
	-
	-
	-
	<u>335,160</u>
	2,633,614
\$	<u><u>2,968,774</u></u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2014

	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	\$ 7,053,876	\$ 2,516,882	\$ 1,632,631	\$ 11,203,389
Payments to suppliers	(1,767,662)	(2,099,204)	(444,955)	(4,311,821)
Payments to employees	(1,760,189)	-	(1,165,335)	(2,925,524)
Net Cash Provided by Operating Activities	3,526,025	417,678	22,341	3,966,044
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	69,635	-	-	69,635
Transfer to other funds	(649,910)	(223,348)	(54,464)	(927,722)
Interfund loan payments	-	-	(30,065)	(30,065)
Interest paid on interfund loan	-	-	(4,617)	(4,617)
Subsidy from federal grant	-	-	230,308	230,308
Net Cash Provided (Used) by Noncapital Financing Activities	(580,275)	(223,348)	141,162	(662,461)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(899,231)	-	-	(899,231)
Proceeds from sale of capital assets	15,000	-	-	15,000
Interest and fiscal agent fees paid	(482,226)	(3,729)	15	(485,940)
Principal paid on capital debt	(1,334,187)	(25,418)	(3,488)	(1,363,093)
Net Cash (Used) by Capital and Related Financing Activities	(2,700,644)	(29,147)	(3,473)	(2,733,264)
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	321,875	-	-	321,875
Purchase of investments	(499,495)	-	-	(499,495)
Interest on investments	11,835	1,763	1,565	15,163
Net Cash Provided (Used) by Investing Activities	(165,785)	1,763	1,565	(162,457)
Net Increase in Cash and Equity in Pooled Cash and Investments	79,321	166,946	161,595	407,862
Beginning cash and equity in pooled cash and investments	8,200,186	1,242,864	812,200	10,255,250
Ending 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:				
Unrestricted cash and equity in pooled cash and investments	\$ 7,210,447	\$ 1,409,810	\$ 973,795	\$ 9,594,052
Restricted cash and equity in pooled cash and investments	1,069,060	-	-	1,069,060
	\$ 8,279,507	\$ 1,409,810	\$ 973,795	\$ 10,663,112

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,566,247
(835,425)
(226,243)
504,579

-
-
30,065
98
-

30,163

(469,225)
11,537
-

(457,688)

-
-
1,421

1,421

78,475

1,683,424

\$ 1,761,899

\$ 1,761,899

-
\$ 1,761,899

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2014

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 2,227,311	\$ 402,153	\$ (302,194)	\$ 2,327,270
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,369,253	40,944	28,605	1,438,802
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(94,960)	(31,818)	283,146	156,368
Inventories	(52,150)	-	-	(52,150)
Increase (Decrease) in Current Liabilities:				
Accounts payable	55,424	6,640	(2,216)	59,848
Accrued interest payable	(35,410)	(241)	(14)	(35,665)
Compensated absences	9,734	-	6,332	16,066
Customer deposits	36,320	-	-	36,320
Net pension obligation	10,503	-	8,682	19,185
	Net Cash Provided by Operating Activities	\$ 417,678	\$ 22,341	\$ 3,966,044
	\$ 3,526,025	\$ -	\$ -	\$ 868,117
Noncash investing, capital, and financing activities:				
Capital contribution	\$ 868,117	\$ -	\$ -	\$ 868,117
	\$ 868,117	\$ -	\$ -	\$ 868,117

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 322,104

159,653

28,654

6,897

(13,811)

-

(376)

-

1,458

\$ 504,579

\$ -

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2014

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 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, 2014

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, 2014

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, municipal 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, 2014

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, 2014

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, 2014

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, 2014

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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. 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 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") 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. 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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).

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 fund and internal service fund are charges to customers for sales and services. The enterprise fund also recognizes 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 fund and internal service fund 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.

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. The hotel/motel fund, special investigation fund, municipal court building security fund, municipal court technology fund, donation fund, juvenile case manager fund, senior fund, Comcast PEG fees 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,245,791	1.18
U.S. agencies	1,774,976	0.00
TexPool	10,235,651	0.00
TexSTAR	2,313,757	0.00
Total Fair Value	\$ 15,570,175	
Portfolio weighted average maturity		0.10

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.

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, 2014, the City's investment in TexPool and TexSTAR was rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2014 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments are not rated less than "AAA" by both Moody's and 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, 2014, market values of pledged securities were \$11,355,252 and bank balances were \$10,682,361.

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 rate 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 rate TexSTAR "AAA".

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, 2014

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	Sales Tax				Total
	General	Debt Service	Capital Projects	Nonmajor	
Property taxes	\$ 471,457	\$ 108,639	\$ -	\$ -	\$ 580,096
Sales taxes	362,424	-	724,631	-	1,087,055
Franchise taxes	371,469	-	-	-	371,469
Other taxes	-	-	-	63,829	63,829
Intergovernmental	404,289	-	325,816	519,235	1,249,340
Accounts receivable	28,568	623	350	14,660	44,201
Other receivables	852	-	1,334	-	2,186
Less allowance	(161,032)	(40,483)	-	-	(201,515)
	<u>\$ 1,478,027</u>	<u>\$ 68,779</u>	<u>\$ 1,052,131</u>	<u>\$ 597,724</u>	<u>\$ 3,196,661</u>

Proprietary Funds

	Total				Internal Service
	Water and Sewer	Sanitation	EMS	Enterprise Funds	
Intergovernmental	\$ 172,527	\$ 3,672	\$ 37,271	\$ 213,470	\$ 16,670
Accounts receivable	833,457	306,078	2,244,144	3,383,679	-
Other receivables	457	-	125,735	126,192	-
Less allowance	(12,297)	(38)	(1,007,887)	(1,020,222)	-
	<u>\$ 994,144</u>	<u>\$ 309,712</u>	<u>\$ 1,399,263</u>	<u>\$ 2,703,119</u>	<u>\$ 16,670</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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	\$ 4,279,419	\$ 326,588	\$ -	\$ 4,606,007
Construction in progress	1,455,675	1,920,260	(3,172,690)	203,245
Total capital assets not being depreciated	<u>5,735,094</u>	<u>2,246,848</u>	<u>(3,172,690)</u>	<u>4,809,252</u>
Other capital assets:				
Buildings	11,282,702	2,468,776	-	13,751,478
Infrastructure	32,288,166	890,825	-	33,178,991
Improvements other than buildings	5,599,870	509,341	-	6,109,211
Machinery and equipment	12,162,098	2,257,533	(112,776)	14,306,855
Total other capital assets	<u>61,332,836</u>	<u>6,126,475</u>	<u>(112,776)</u>	<u>67,346,535</u>
Less accumulated depreciation for:				
Buildings	(7,360,190)	(639,649)	-	(7,999,839)
Infrastructure	(14,511,792)	(553,439)	-	(15,065,231)
Improvements other than buildings	(2,332,307)	(204,260)	-	(2,536,567)
Machinery and equipment	(8,916,290)	(690,164)	112,776	(9,493,678)
Total accumulated depreciation	<u>(33,120,579)</u>	<u>(2,087,512)</u>	<u>112,776</u>	<u>(35,095,315)</u>
Other capital assets, net	<u>28,212,257</u>	<u>4,038,963</u>	<u>-</u>	<u>32,251,220</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,947,351</u>	<u>\$ 6,285,811</u>	<u>\$ (3,172,690)</u>	<u>\$ 37,060,472</u>
			Plus unspent bond proceeds	134,933
			Plus deferred charge on refunding	204,642
			Less associated debt	(10,213,775)
			Net Investment in Capital Assets	<u>\$ 27,186,272</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Depreciation was charged to governmental functions as follows:

General government	\$ 48,568
Public safety	664,931
Public services	618,047
Community services	342,278
Culture, parks, and recreation	254,035
Internal service fund	<u>159,653</u>

Total Governmental Activities Depreciation Expense \$ 2,087,512

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>
New Pavillions	\$ 155,764	\$ 142,764	\$ 13,000
Total	<u><u>\$ 155,764</u></u>	<u><u>\$ 142,764</u></u>	<u><u>\$ 13,000</u></u>

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	\$ 103,993
Sales tax capital projects fund	161,742
Internal service fund	27,920
Nonmajor governmental funds	71,091
Total	<u><u>\$ 364,746</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	323,043	1,685,079	(926,534)	1,081,588
Total capital assets not being depreciated	<u>1,764,410</u>	<u>1,685,079</u>	<u>(926,534)</u>	<u>2,522,955</u>
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	46,076,318	-	-	46,076,318
Improvements other than buildings	3,038,571	17,519	-	3,056,090
Machinery and equipment	1,511,078	991,284	-	2,502,362
Total other capital assets	<u>56,788,424</u>	<u>1,008,803</u>	<u>-</u>	<u>57,797,227</u>
Less accumulated depreciation for:				
Buildings	(4,055,785)	(140,382)	-	(4,196,167)
Infrastructure	(24,039,683)	(1,155,646)	-	(25,195,329)
Improvements other than buildings	(1,814,544)	(75,949)	-	(1,890,493)
Machinery and equipment	(1,058,510)	(66,825)	-	(1,125,335)
Total accumulated depreciation	<u>(30,968,522)</u>	<u>(1,438,802)</u>	<u>-</u>	<u>(32,407,324)</u>
Other capital assets, net	<u>25,819,902</u>	<u>(429,999)</u>	<u>-</u>	<u>25,389,903</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,584,312</u>	<u>\$ 1,255,080</u>	<u>\$ (926,534)</u>	<u>27,912,858</u>
			Plus unspent bond proceeds	504,023
			Plus deferred charge on refunding	804,570
			Less associated debt	<u>(15,379,904)</u>
			Net Investment in Capital Assets	<u>\$ 13,841,547</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Depreciation was charged to business-type functions as follows:

Utility	\$	1,369,253
Sanitation		40,944
Emergency medical services		<u>28,605</u>
Total Business-Type Activities Depreciation Expense	\$	<u>1,438,802</u>

Commitments

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Waste Water Treatment Plant Office and Facilities	\$ 660,309	\$ 638,527	\$ 21,782
Sewer Rehabilitation	<u>1,299,601</u>	<u>443,061</u>	<u>856,540</u>
Total	<u>\$ 1,959,910</u>	<u>\$ 1,081,588</u>	<u>\$ 878,322</u>

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	\$	214,588
Emergency management services fund		7,002
Total	\$	<u>221,590</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 ended. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning</u>			<u>Ending</u>	<u>Amounts</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 6,153,088	\$ -	\$ (998,332)	\$ 5,154,756 *	\$ 851,088
Certificates of obligation	4,656,772	-	(285,525)	4,371,247 *	341,735
Deferred amounts:					
For issuance discounts/premiums	231,616	-	(16,334)	215,282 *	-
Capital lease	450,000	55,244	(32,754)	472,490 *	34,664
	<u>11,491,476</u>	<u>55,244</u>	<u>(1,332,945)</u>	<u>10,213,775</u>	<u>1,227,487</u>
Other liabilities:					
Net pension obligation	1,048,810	75,609	-	1,124,419	-
Compensated absences	523,341	423,046	(419,057)	527,330	474,597
	<u>13,063,627</u>	<u>553,899</u>	<u>(1,752,002)</u>	<u>11,865,524</u>	<u>1,702,084</u>
Total Governmental Activities	\$ 13,063,627	\$ 553,899	\$ (1,752,002)	\$ 11,865,524	\$ 1,702,084
				<u>Long-term debt due in more than one year</u>	<u>\$ 10,163,440</u>
				<u>*Debt associated with governmental activity capital assets</u>	<u>\$ 10,213,775</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 10,740,921	\$ 5,005,000	\$ (1,185,669)	\$ 14,560,252	* \$ 1,158,913
Certificates of obligation	898,228	-	(274,475)	623,753	* 293,265
Revenue bonds	4,925,000	-	(4,925,000)	-	*
Deferred amounts:					
For issuance discounts/premiums	179,071	-	16,828	195,899	*
	<u>16,743,220</u>	<u>5,005,000</u>	<u>(6,368,316)</u>	<u>15,379,904</u>	<u>1,452,178</u>
Other liabilities:					
Net pension obligation	290,292	19,185	-	309,477	-
Compensated absences	59,068	66,547	(50,481)	75,134	67,620
Total Business-Type Activities	<u>\$ 17,092,580</u>	<u>\$ 5,090,732</u>	<u>\$ (6,418,797)</u>	<u>\$ 15,764,515</u>	<u>\$ 1,519,798</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 14,244,717</u>
				<u>*Debt associated with business-type activity capital assets</u>	<u>\$ 15,379,904</u>

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, 2014

Prior Year Defeasance of Debt

In 2012, the City defeased portions of the tax and revenue certificates of obligation bonds, series 2006A, series 2006B, and series 2006C by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At September 30, 2014, \$4,190,000 of the defeased bonds remains outstanding.

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 2,725,426
Series 2012 refunding	1.00-2.00%	1,364,330
Series 2013 tax note	1.59%	1,065,000
Total General Obligation Bonds		5,154,756
Certificates of Obligation		
Series 2006A	4.00%	95,000
Series 2006C	4.00%	85,000
Series 2011	2.50-4.00%	4,191,247
Total Certificates of Obligation		4,371,247
Capital Lease		
Fire truck	3.24%	419,539
Motorcycles	1.81%	52,951
Total Capital Lease		472,490
Total Governmental Activities Long-Term Debt		\$ 9,998,493

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 3,019,582
Series 2012 refunding	1.00-2.00%	6,535,670
Series 2013 refunding	2.95%	5,005,000
Total General Obligation Bonds		14,560,252
Certificates of Obligation		
Series 2006B	4.00%	280,000
Series 2011	2.50-4.00%	343,753
Total Certificates of Obligation		623,753
Total Business-Type Activities Long-Term Debt		\$ 15,184,005

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 Lease		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,192,823	\$ 269,445	\$ 34,664	\$ 15,094	\$ 1,452,178	\$ 345,287
2016	1,133,358	240,618	35,777	13,981	1,736,643	309,288
2017	679,337	219,088	36,925	12,833	1,120,663	280,735
2018	687,450	204,212	38,111	11,647	1,132,551	261,795
2019	715,886	187,766	36,326	10,432	1,164,114	240,483
2020-2024	2,716,956	672,668	151,147	37,644	5,238,045	807,328
2025-2029	1,720,910	313,698	139,540	11,494	3,284,090	226,266
2030-2031	679,283	27,449	-	-	55,721	2,251
Total	\$ 9,526,003	\$ 2,134,944	\$ 472,490	\$ 113,125	\$ 15,184,005	\$ 2,473,433

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 \$39,195, net \$465,866.

Current Refunding

During fiscal year 2014, the City issued \$5,005,000 of general obligation refunding bonds, series 2013 for the current refunding of \$4,900,000 of water and sewer system revenue bonds, series 2005. The refunding was to take advantage of lower interest rates and reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$230,059. This amount is being amortized over the remaining life of the refunded debt, which is the same as

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

the life of the new debt issued. This refunding resulted in an economic gain of \$402,670 and a reduction of \$494,475 in future debt service payments over the next 15 years.

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.

E. Interfund Transactions

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

Receivable Fund	Payable Fund	Amounts
Vehicle replacement	Emergency medical services	\$ 17,652

Amounts recorded as advances 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	\$ 649,910
General fund	Sanitation fund	153,713
General fund	EMS fund	54,464
General fund	Sales tax capital projects fund	425,251
General fund	Nonmajor governmental funds	33,753
Nonmajor governmental funds	General fund	21,962
Nonmajor governmental funds	Nonmajor governmental funds	868,119
Water & sewer fund	Sanitation fund	69,635
		\$ 2,276,807

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, 2014, \$915,399 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, 2014

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 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 provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information for TMRS. The report also provides detailed explanations of the contributions, benefits, and actuarial methods and assumptions used by TMRS. This report may be obtained from the TMRS website at www.TMRS.com.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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:

	<u>2014</u>	<u>2013</u>
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)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and the net pension obligation are as follows:

Annual required contribution (ARC)	\$ 1,622,457
Interest on net pension obligation (NPO)	93,737
Adjustment to the ARC	<u>(84,289)</u>
Annual pension cost (APC)	1,631,905
Contributions made	<u>(1,537,110)</u>
Increase in NPO	94,795
NPO-beginning of year	1,339,101
NPO-end of year	<u><u>\$ 1,433,896</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Three-year trend information for the annual pension cost (APC) is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,651,088	\$ 1,403,345	85.00%	\$ 1,209,419
2013	\$ 1,588,000	\$ 1,458,318	91.83%	\$ 1,339,101
2014	\$ 1,631,905	\$ 1,537,110	94.19%	\$ 1,433,896

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	2014	2013	2012
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	21.0 Years - closed period	25.1 Years - closed period	26.1 Years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost of Living Adjustments	3.00%	3.00%	3.00%
	2.10%	2.10%	2.10%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The funded status as of December 31, 2013, the most recent valuation date, is as follows:

		<u>2014</u>
Actuarial Valuation Date		12/31/2013
Actuarial Value of Assets	\$	39,588,527
Actuarial Accrued Liability	\$	51,305,029
Percentage Funded		77.2%
Unfunded Actuarial Accrued Liability (UAAL)	\$	11,716,502
Annual Covered Payroll	\$	9,388,530
UAAL as a Percentage of Covered Payroll		124.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

2. Texas Emergency Services Retirement System

Plan Description

The Texas Emergency Services Retirement System (TESRS) administers a cost-sharing multiple employer pension system (the "System") established and administered by the State of Texas to provide pension benefits for emergency 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 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)		<u>4,036</u>
		9,270

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 percent vested after the tenth year of service, with the vesting percent increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 percent 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 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 percent), 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 zero percent, since the first actuarial valuation report after the 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 has 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Contributions Required and Contributions Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather the minimum contribution provisions are set by Board rule, and there is no maximum contribution rate. For the fiscal year ending August 31, 2014, the total contributions (dues, prior service, and interest on prior service financing) of \$4,176,659 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. The State appropriated \$1,530,343 for the fiscal year ending August 31, 2014.

The actuarial valuation as of August 31, 2014 stated that TESRS has an adequate contribution arrangement for the benefit provisions recognized in the valuation based on the expected total contributions, including the expected contribution both from the governing body of each participating department and from the State. The expected contributions from the State are state appropriations equal to (1) the maximum annual contribution (one-third of all contributions to TESRS by governing bodies of participating departments in a year) as needed in accordance with state law governing TESRS and (2) approximately \$625,000 each year to pay for part of the System's administrative expenses. On August 31, 2014, the actuarial liabilities exceeded the actuarial assets by \$26,093,761.

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 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

Three Year Contribution Information for the City

Fiscal Year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2012	\$ 87,070	100%	\$ -
2013	\$ 91,715	100%	\$ -
2014	\$ 98,835	100%	\$ -

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

A report may be obtained by writing the office of the fire fighters' pension commissioner, P.O. Box 12577, Austin, TX 78711-2577.

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. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2014, the City offered the supplemental death benefit to both active and retired employees.

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.

The City's contributions to the TMRS SDBF for the fiscal years ended 2014, 2013, and 2012 were \$2,852, \$2,794, and \$2,886, respectively. The City's contribution rates for the past three years are shown below:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, will 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 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 contract is 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 \$628,847 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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 6,633,961	\$ 6,633,961	\$ 6,542,250	\$ (91,711)
Sales taxes	2,034,840	2,034,840	2,063,104	28,264
Franchise fees and taxes	1,321,000	1,321,000	1,339,913	18,913
Other taxes	195,756	550,756	667,914	117,158
Licenses and permits	626,250	626,250	757,846	131,596
Fines and forfeitures	413,200	468,200	499,308	31,108
Charges for services	162,590	179,080	194,628	15,548
Intergovernmental	-	42,327	42,327	-
Investment revenue	13,000	13,000	2,117	(10,883)
Total Revenues	<u>11,400,597</u>	<u>11,869,414</u>	<u>12,109,407</u>	<u>239,993</u>
Expenditures				
General government:				
Administrative	1,934,952	2,044,376	1,950,903	93,473
City attorney	404,061	420,558	418,602	1,956
City manager	266,002	351,032	344,034	6,998
Finance	784,575	822,913	754,626	68,287
Economic development	251,098	251,098	249,347	1,751
Total General Government Expenditures	<u>3,640,688</u>	<u>3,889,977</u>	<u>3,717,512</u>	<u>172,465</u>
Public safety:				
Police	6,147,549	6,142,893	6,127,500	15,393
Fire	850,531	858,701	844,816	13,885
Total Public Safety Expenditures	<u>6,998,080</u>	<u>7,001,594</u>	<u>6,972,316</u>	<u>29,278</u>
Public services	822,799	822,799	733,558	89,241
Code enforcement	127,188	127,188	127,112	76
Culture, parks, and recreation	1,410,027	1,412,109	1,334,715	77,394
Capital outlay	-	586,048	586,048	-
Debt service:				
Principal	30,461	30,461	30,461	-
Interest	7,297	7,297	7,297	-
Total Expenditures	<u>13,036,540</u>	<u>13,877,473</u>	<u>13,509,019</u>	<u>368,454</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(1,635,943)</u>	<u>(2,008,059)</u>	<u>(1,399,612)</u>	<u>608,447</u>
Other Financing Sources (Uses)				
Transfers in	1,246,159	1,246,159	1,317,091	70,932
Transfers (out)	(21,962)	(21,962)	(21,962)	-
Capital leases	-	-	55,244	55,244
Total Other Financing Sources	<u>1,224,197</u>	<u>1,224,197</u>	<u>1,350,373</u>	<u>126,176</u>
Net Change in Fund Balance	<u>\$ (411,746)</u>	<u>\$ (783,862)</u>	<u>(49,239)</u>	<u>\$ 734,623</u>
Beginning fund balance			5,531,498	
Ending Fund Balance			<u>\$ 5,482,259</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2014

Fiscal Year	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 39,588,527	\$ 36,130,761	\$ 33,237,906
Actuarial Accrued Liability	\$ 51,305,029	\$ 44,880,611	\$ 41,900,372
Percentage Funded	77.2%	80.5%	79.3%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 11,716,502	\$ 8,749,850	\$ 8,662,466
Annual Covered Payroll	\$ 9,388,530	\$ 9,356,882	\$ 8,771,627
UAAL % of Covered Payroll	124.8%	93.5%	98.8%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 1,339,101	\$ 1,209,419	\$ 961,676
Annual Pension Cost (APC)	1,631,905	1,588,000	1,651,088
Contributions Made	1,537,110	1,458,318	1,403,345
	<u>1,433,896</u>	<u>1,339,101</u>	<u>1,209,419</u>
NPO at the End of Period	\$ 1,433,896	\$ 1,339,101	\$ 1,209,419

CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM
For the Year Ended September 30, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ⁽¹⁾ (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Total Members Covered (c)	UAAL Per Member Covered [(b-a)/c]
8/31/10 ⁽³⁾	\$ 64,113,803	\$ 81,264,230	\$ 17,150,427	78.9%	8,644	\$ 1,984
8/31/12 ⁽²⁾	\$ 67,987,487	\$ 101,856,042	\$ 33,868,555	66.7%	9,448	\$ 3,585
8/31/14	\$ 83,761,038	\$ 109,854,799	\$ 26,093,761	76.2%	9,270	\$ 2,815

- (1) The actuarial accrued liability is based upon the entry age actuarial cost method.
(2) Changes in actuarial assumptions were reflected in this valuation.
(3) Change in an actuarial assumption and method were reflected in this valuation.

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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, 2014

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 1,565,444	\$ 1,565,444	\$ 1,538,565	\$ (26,879)
Investment revenue	350	350	206	(144)
Total Revenues	<u>1,565,794</u>	<u>1,565,794</u>	<u>1,538,771</u>	<u>(27,023)</u>
Expenditures				
Debt service:				
Principal	1,267,127	1,267,127	1,267,127	-
Interest and fiscal agent fees	297,417	297,417	294,417	3,000
Total Expenditures	<u>1,564,544</u>	<u>1,564,544</u>	<u>1,561,544</u>	<u>3,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,250</u>	<u>1,250</u>	<u>(22,773)</u>	<u>(24,023)</u>
Net Change in Fund Balance	<u>\$ 1,250</u>	<u>\$ 1,250</u>	<u>(22,773)</u>	<u>\$ (24,023)</u>
Beginning fund balance			<u>102,167</u>	
Ending Fund Balance			<u>\$ 79,394</u>	

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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, 2014

Special Revenue Funds

	<u>Hotel/ Motel</u>	<u>Special Investigation</u>	<u>Court Building Security</u>	<u>Municipal Court Technology</u>
Assets				
Cash and equity in pooled cash and investments	\$ 594,934	\$ 29,578	\$ 117,854	\$ 8,213
Receivables, net	63,946	864	-	-
Prepaid items	-	-	250	-
Total Assets	<u>\$ 658,880</u>	<u>\$ 30,442</u>	<u>\$ 118,104</u>	<u>\$ 8,213</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,340	\$ 2,014	\$ -	\$ 2,100
Total Liabilities	<u>5,340</u>	<u>2,014</u>	<u>-</u>	<u>2,100</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	250	-
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	653,540	-	117,854	6,113
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	28,428	-	-
Permanent fund	-	-	-	-
Total Fund Balances	<u>653,540</u>	<u>28,428</u>	<u>118,104</u>	<u>6,113</u>
Total Liabilities and Fund Balances	<u>\$ 658,880</u>	<u>\$ 30,442</u>	<u>\$ 118,104</u>	<u>\$ 8,213</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>
\$ 87,142	\$ 56,553	\$ 8,076	\$ 16,144	\$ 124,343	\$ 44
23	-	107	-	13,549	-
-	-	-	-	-	-
<u>\$ 87,165</u>	<u>\$ 56,553</u>	<u>\$ 8,183</u>	<u>\$ 16,144</u>	<u>\$ 137,892</u>	<u>\$ 44</u>
\$ 955	\$ 529	\$ 1,207	\$ -	\$ -	\$ -
955	529	1,207	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	137,892	-
-	-	-	-	-	44
-	-	-	-	-	-
86,210	56,024	6,976	16,144	-	-
-	-	-	-	-	-
<u>86,210</u>	<u>56,024</u>	<u>6,976</u>	<u>16,144</u>	<u>137,892</u>	<u>44</u>
<u>\$ 87,165</u>	<u>\$ 56,553</u>	<u>\$ 8,183</u>	<u>\$ 16,144</u>	<u>\$ 137,892</u>	<u>\$ 44</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2014

	<u>Special Revenue Funds</u>			
	<u>TIRZ No. 2</u>	<u>TIRZ No. 3</u>	<u>Kendall Lakes TIRZ Redevelop- ment Authority</u>	<u>CDBG Disaster Recovery</u>
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 8,273	\$ 1,718	\$ 138,014	\$ 24,660
Receivables, net	-	-	-	519,235
Prepaid items	-	-	-	-
Total Assets	\$ 8,273	\$ 1,718	\$ 138,014	\$ 543,895
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 543,895
Total Liabilities	-	-	-	543,895
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Perpetual care	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	8,273	1,718	138,014	-
Capital projects	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Permanent fund	-	-	-	-
Total Fund Balances	8,273	1,718	138,014	-
Total Liabilities and Fund Balances	\$ 8,273	\$ 1,718	\$ 138,014	\$ 543,895

<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>
\$ 198,620	\$ 18,235	\$ 466,863	\$ 1,899,264
-	-	-	597,724
-	-	-	250
<u>\$ 198,620</u>	<u>\$ 18,235</u>	<u>\$ 466,863</u>	<u>\$ 2,497,238</u>
\$ -	\$ 7,138	\$ 1,437	\$ 564,615
-	7,138	1,437	564,615
-	-	-	250
-	-	50,000	50,000
-	-	-	915,399
-	-	-	148,049
198,620	11,097	-	209,717
-	-	-	193,782
-	-	415,426	415,426
<u>198,620</u>	<u>11,097</u>	<u>465,426</u>	<u>1,932,623</u>
<u>\$ 198,620</u>	<u>\$ 18,235</u>	<u>\$ 466,863</u>	<u>\$ 2,497,238</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, 2014

	Special Revenue Funds			
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	296,300	-	-	-
Fines and forfeitures	-	-	10,300	13,733
Charges for services	-	-	-	-
Intergovernmental	-	10,571	-	-
Investment revenue	11,130	129	125	-
Other revenue	-	2,968	-	-
Total Revenues	307,430	13,668	10,425	13,733
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	80,227	4,414	7,620
Community services	229,719	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	15,800	-	-
Debt service:				
Principal	16,730	-	-	-
Interest and fiscal charges	2,821	-	-	-
Total Expenditures	249,270	96,027	4,414	7,620
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	58,160	(82,359)	6,011	6,113
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	58,160	(82,359)	6,011	6,113
Beginning fund balances	595,380	110,787	112,093	-
Ending Fund Balances	\$ 653,540	\$ 28,428	\$ 118,104	\$ 6,113

Special Revenue Funds

Donation	Juvenile Case Manager	Senior	Park Dedication	Comcast PEG Fees	TIRZ No. 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	65,601	-
-	-	-	-	-	-
-	-	-	-	-	-
72,240	-	-	-	-	-
9	105	4	-	157	-
-	19,028	5,452	-	-	-
<u>72,249</u>	<u>19,133</u>	<u>5,456</u>	<u>-</u>	<u>65,758</u>	<u>-</u>
4,198	-	-	-	-	-
11,546	10,101	-	-	-	-
-	-	4,769	-	-	-
17,419	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>33,163</u>	<u>10,101</u>	<u>4,769</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>39,086</u>	<u>9,032</u>	<u>687</u>	<u>-</u>	<u>65,758</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
39,086	9,032	687	-	65,758	-
<u>47,124</u>	<u>46,992</u>	<u>6,289</u>	<u>16,144</u>	<u>72,134</u>	<u>44</u>
<u>\$ 86,210</u>	<u>\$ 56,024</u>	<u>\$ 6,976</u>	<u>\$ 16,144</u>	<u>\$ 137,892</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, 2014

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	CDBG Disaster Recovery
Revenues				
Property taxes	\$ 92,295	\$ -	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	868,117
Investment revenue	-	-	61	-
Other revenue	-	-	-	-
Total Revenues	92,295	-	61	868,117
Expenditures				
Current:				
General government	-	-	36,745	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	868,117
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	36,745	868,117
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	92,295	-	(36,684)	-
Other Financing Sources (Uses)				
Transfer in	-	-	87,824	-
Transfers (out)	(87,824)	-	-	-
Total Other Financing Sources (Uses)	(87,824)	-	87,824	-
Net Change in Fund Balances	4,471	-	51,140	-
Beginning fund balances	3,802	1,718	86,874	-
Ending Fund Balances	\$ 8,273	\$ 1,718	\$ 138,014	\$ -

<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>
\$ -	\$ -	\$ -	\$ 92,295
-	-	-	361,901
-	-	-	24,033
-	-	39,750	39,750
-	-	-	950,928
18	321	153	12,212
-	-	-	27,448
<u>18</u>	<u>321</u>	<u>39,903</u>	<u>1,508,567</u>
-	-	-	40,943
-	-	-	113,908
-	-	39,960	274,448
-	-	-	17,419
1,618,303	146,057	13,070	2,661,347
-	-	-	16,730
-	-	-	2,821
<u>1,618,303</u>	<u>146,057</u>	<u>53,030</u>	<u>3,127,616</u>
<u>(1,618,285)</u>	<u>(145,736)</u>	<u>(13,127)</u>	<u>(1,619,049)</u>
780,295	-	21,962	890,081
(15,295)	(765,000)	(33,753)	(901,872)
<u>765,000</u>	<u>(765,000)</u>	<u>(11,791)</u>	<u>(11,791)</u>
(853,285)	(910,736)	(24,918)	(1,630,840)
<u>1,051,905</u>	<u>921,833</u>	<u>490,344</u>	<u>3,563,463</u>
<u>\$ 198,620</u>	<u>\$ 11,097</u>	<u>\$ 465,426</u>	<u>\$ 1,932,623</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, 2014

Hotel/Motel				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Franchise and local taxes	\$ 246,000	\$ 287,400	\$ 296,300	\$ 8,900
Investment revenue	6,200	6,200	11,130	4,930
Total Revenues	252,200	293,600	307,430	13,830
Expenditures				
Current:				
Community services	267,851	267,851	229,719	38,132
Debt Service:				
Principal	16,730	16,730	16,730	-
Interest and fiscal charges	2,821	2,821	2,821	-
Total Expenditures	287,402	287,402	249,270	38,132
Net Change in Fund Balance	\$ (35,202)	\$ 6,198	58,160	\$ 51,962
Beginning fund balance			595,380	
Ending Fund Balance			\$ 653,540	

Special Investigation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,571	\$ 571
Investment revenue	150	150	129	(21)
Other revenue	1,500	1,500	2,968	1,468
Total Revenues	11,650	11,650	13,668	2,018
Expenditures				
Current:				
Public safety	30,000	80,856	80,227	629
Capital outlay	-	15,824	15,800	24
Total Expenditures	30,000	96,680	96,027	653
Net Change in Fund Balance	\$ (18,350)	\$ (85,030)	(82,359)	\$ 2,671
Beginning fund balance			110,787	
Ending Fund Balance			\$ 28,428	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2014

Court Building Security				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Positive (Negative)
Revenues				
Fines and forfeitures	\$ 6,800	\$ 6,800	\$ 10,300	\$ 3,500
Investment revenue	200	200	125	(75)
Total Revenues	7,000	7,000	10,425	3,425
Expenditures				
Current:				
Public safety	6,000	6,000	4,414	1,586
Total Expenditures	6,000	6,000	4,414	1,586
Net Change in Fund Balance	\$ 1,000	\$ 1,000	6,011	\$ 5,011
Beginning fund balance			112,093	
Ending Fund Balance			\$ 118,104	

Municipal Court Technology				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Positive (Negative)
Revenues				
Fines and forfeitures	\$ 8,500	\$ 12,500	\$ 13,733	\$ 1,233
Investment revenue	20	20	-	(20)
Total Revenues	8,520	12,520	13,733	1,213
Expenditures				
Current:				
Public safety	5,520	8,120	7,620	500
Total Expenditures	5,520	8,120	7,620	500
Net Change in Fund Balance	\$ 3,000	\$ 4,400	6,113	\$ 1,713
Beginning fund balance			-	
Ending Fund Balance			\$ 6,113	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2014

Donation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 16,600	\$ 68,865	\$ 72,240	\$ 3,375
Investment revenue	100	100	9	(91)
Total Revenues	16,700	68,965	72,249	3,284
Expenditures				
Current:				
General government	4,250	6,250	4,198	2,052
Public safety	-	12,000	11,546	454
Culture, parks, and recreation	12,000	18,520	17,419	1,101
Total Expenditures	16,250	36,770	33,163	3,607
Net Change in Fund Balance	\$ 450	\$ 32,195	39,086	\$ 6,891
Beginning fund balance			47,124	
Ending Fund Balance			\$ 86,210	

Juvenile Case Manager				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 125	\$ 125	\$ 105	\$ (20)
Other revenue	11,000	11,000	19,028	8,028
Total Revenues	11,125	11,125	19,133	8,008
Expenditures				
Current:				
Public safety	21,969	21,969	10,101	11,868
Total Expenditures	21,969	21,969	10,101	11,868
Net Change in Fund Balance	\$ (10,844)	\$ (10,844)	9,032	\$ 19,876
Beginning fund balance			46,992	
Ending Fund Balance			\$ 56,024	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2014

Senior				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 20	\$ 20	\$ 4	\$ (16)
Other revenue	6,000	8,230	5,452	(2,778)
Total Revenues	<u>6,020</u>	<u>8,250</u>	<u>5,456</u>	<u>(2,794)</u>
Expenditures				
Current:				
Community services	6,000	6,600	4,769	1,831
Total Expenditures	<u>6,000</u>	<u>6,600</u>	<u>4,769</u>	<u>1,831</u>
Net Change in Fund Balance	<u>\$ 20</u>	<u>\$ 1,650</u>	687	<u>\$ (963)</u>
Beginning fund balance			<u>6,289</u>	
Ending Fund Balance			<u>\$ 6,976</u>	

Comcast PEG Fees				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 31,000	\$ 31,000	\$ 65,601	\$ 34,601
Investment revenue	-	-	157	157
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>65,758</u>	<u>34,758</u>
Net Change in Fund Balance	<u>\$ 31,000</u>	<u>\$ 31,000</u>	65,758	<u>\$ 34,758</u>
Beginning fund balance			<u>72,134</u>	
Ending Fund Balance			<u>\$ 137,892</u>	

Notes to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2014

TIRZ No. 2				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 72,800	\$ 92,300	\$ 92,295	\$ (5)
Total Revenues	72,800	92,300	92,295	(5)
Other Financing (Uses)				
Transfers (out)	(69,160)	(87,824)	(87,824)	-
Total Other Financing (Uses)	(69,160)	(87,824)	(87,824)	-
Net Change in Fund Balance	\$ 3,640	\$ 4,476	4,471	\$ (5)
Beginning fund balance			3,802	
Ending Fund Balance			\$ 8,273	

Kendall Lakes TIRZ Redevelopment Authority				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 40	\$ 40	\$ 61	\$ 21
Total Revenues	40	40	61	21
Expenditures				
Current:				
General government	54,725	54,725	36,745	17,980
Total Expenditures	54,725	54,725	36,745	17,980
(Deficiency) of Revenues (Under) Expenditures	(54,685)	(54,685)	(36,684)	18,001
Other Financing Sources				
Transfers in	69,160	87,824	87,824	-
Total Other Financing Sources	69,160	87,824	87,824	-
Net Change in Fund Balance	\$ 14,475	\$ 33,139	51,140	\$ 18,001
Beginning fund balance			86,874	
Ending Fund Balance			\$ 138,014	

Notes to Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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, 2014

Permanent Fund				
Cemetery				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive Negative (Negative)
Revenues				
Charges for services	\$ 43,800	\$ 43,800	\$ 39,750	\$ (4,050)
Investment revenue	-	-	153	153
Total Revenues	43,800	43,800	39,903	(3,897)
Expenditures				
Current:				
Community services	22,552	39,960	39,960	-
Capital outlay	-	13,070	13,070	-
Total Expenditures	22,552	53,030	53,030	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,248	(9,230)	(13,127)	(3,897)
Other Financing Sources (Uses)				
Transfers in	21,962	21,962	21,962	-
Transfers (out)	(33,935)	(33,935)	(33,753)	182
Total Other Financing (Uses)	(11,973)	(11,973)	(11,791)	182
Net Change in Fund Balance	\$ 9,275	\$ (21,203)	(24,918)	\$ (3,715)
Beginning fund balance			490,344	
Ending Fund Balance			\$ 465,426	

Notes to Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

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CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2014

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 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, 2014

	<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	\$ 140,064	\$ 1,345,915	\$ 133,013	\$ 142,907
Accounts receivable	16,670	-	-	-
Advances to other funds	-	17,652	-	-
Inventory	32,029	-	-	-
Total Current Assets	<u>188,763</u>	<u>1,363,567</u>	<u>133,013</u>	<u>142,907</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,537,499	-	-
Less: accumulated depreciation	(23,180)	(2,374,648)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>49,946</u>	<u>1,162,851</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>49,946</u>	<u>1,162,851</u>	<u>-</u>	<u>-</u>
Total Assets	<u>238,709</u>	<u>2,526,418</u>	<u>133,013</u>	<u>142,907</u>
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	16,068	-	16,270	-
Compensated absences	9,080	-	-	-
Total Current Liabilities	<u>25,148</u>	<u>-</u>	<u>16,270</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	1,009	-	-	-
Net pension obligation	21,933	-	7,913	-
Total Noncurrent Liabilities	<u>22,942</u>	<u>-</u>	<u>7,913</u>	<u>-</u>
Total Liabilities	<u>48,090</u>	<u>-</u>	<u>24,183</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	49,946	1,162,851	-	-
Unrestricted	140,673	1,363,567	108,830	142,907
Total Net Position	<u>\$ 190,619</u>	<u>\$ 2,526,418</u>	<u>\$ 108,830</u>	<u>\$ 142,907</u>

Total

\$ 1,761,899
16,670
17,652
32,029
1,828,250

7,754
3,602,871
(2,397,828)

1,212,797
1,212,797
3,041,047

32,338
9,080
41,418

1,009
29,846
30,855
72,273

1,212,797
1,755,977

\$ 2,968,774

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2014

	<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	\$ 472,009	\$ 538,291	\$ -	\$ 92,822
Other revenue	6,633	862	418,621	-
Total Operating Revenues	<u>478,642</u>	<u>539,153</u>	<u>418,621</u>	<u>92,822</u>
<u>Operating Expenses</u>				
Personnel services	225,867	-	-	-
Supplies	374,007	10,839	365,341	71,427
Depreciation	4,276	155,377	-	-
Total Operating Expenses	<u>604,150</u>	<u>166,216</u>	<u>365,341</u>	<u>71,427</u>
Operating Income (Loss)	<u>(125,508)</u>	<u>372,937</u>	<u>53,280</u>	<u>21,395</u>
<u>Nonoperating Revenues (Expenses)</u>				
Gain on sale of capital assets	-	11,537	-	-
Investment revenue	38	1,481	-	-
Total Nonoperating Revenues	<u>38</u>	<u>13,018</u>	<u>-</u>	<u>-</u>
Change in Net Position	(125,470)	385,955	53,280	21,395
Beginning net position	<u>316,089</u>	<u>2,140,463</u>	<u>55,550</u>	<u>121,512</u>
Ending Net Position	<u>\$ 190,619</u>	<u>\$ 2,526,418</u>	<u>\$ 108,830</u>	<u>\$ 142,907</u>

Total

\$ 1,103,122
426,116
1,529,238

225,867
821,614
159,653
1,207,134

322,104

11,537
1,519
13,056

335,160

2,633,614

\$ 2,968,774

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2014

	Central Shop	Vehicle Replacement	IT Maintenance	Computer Replacement
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 486,997	\$ 567,807	\$ 418,621	\$ 92,822
Payments to suppliers	(388,778)	(18,650)	(356,570)	(71,427)
Payments to employees	(226,243)	-	-	-
Net Cash Provided (Used) by Operating Activities	(128,024)	549,157	62,051	21,395
<u>Cash Flows from Noncapital Financing Activities</u>				
Interfund loan payments received	-	30,065	-	-
Interest received on interfund loan	-	98	-	-
Net Cash Provided by Noncapital Financing Activities	-	30,163	-	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(469,225)	-	-
Proceeds from sale of capital assets	-	11,537	-	-
Net Cash (Used) by Capital and Related Financing Activities	-	(457,688)	-	-
<u>Cash Flows from Investing Activities</u>				
Interest on investments	38	1,383	-	-
Net Cash Provided by Investing Activities	38	1,383	-	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(127,986)	123,015	62,051	21,395
Beginning cash and equity in pooled cash and investments	268,050	1,222,900	70,962	121,512
Ending Cash and Equity in Pooled Cash and Investments	\$ 140,064	\$ 1,345,915	\$ 133,013	\$ 142,907
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (125,508)	\$ 372,937	\$ 53,280	\$ 21,395
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	4,276	155,377	-	-
Changes in Operating Assets and Liabilities: (Increase) Decrease in Current Assets:				
Accounts receivable	-	28,654	-	-
Inventories	6,897	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(14,771)	(7,811)	8,771	-
Net pension obligation	1,458	-	-	-
Compensated absences	(376)	-	-	-
Net Cash Provided (Used) by Operating Activities	\$ (128,024)	\$ 549,157	\$ 62,051	\$ 21,395

Total

\$ 1,566,247
(835,425)
(226,243)
504,579

30,065
98

30,163

(469,225)
11,537

(457,688)

1,421
1,421

78,475

1,683,424

\$ 1,761,899

\$ 322,104

159,653

28,654
6,897

(13,811)
1,458
(376)

\$ 504,579

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***OTHER
STATEMENTS***

CITY OF ALVIN, TEXAS
CONSOLIDATED BALANCE SHEET
GENERAL FUND - SUB-FUNDS
September 30, 2014

	General	Fire Fire Capital	Total General Fund
<u>Assets</u>			
Cash and equity in pooled cash and investments	\$ 2,756,755	\$ 126,773	\$ 2,883,528
Investments	1,774,976	-	1,774,976
Receivables, net	1,478,027	-	1,478,027
Prepaid items	16,397	-	16,397
Inventory	426	-	426
Total Assets	\$ 6,026,581	\$ 126,773	\$ 6,153,354
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 272,865	\$ -	\$ 272,865
Due to others	84,901	-	84,901
Total Liabilities	357,766	-	357,766
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	313,329	-	313,329
<u>Fund Balances</u>			
Nonspendable:			
Inventories	426	-	426
Prepaid items	16,397	-	16,397
Assigned to:			
Compensated absences	527,330	-	527,330
Unassigned	4,811,333	126,773	4,938,106
Total Fund Balances	5,355,486	126,773	5,482,259
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,026,581	\$ 126,773	\$ 6,153,354

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2014

	General	Fire Capital	Total General Fund
<u>Revenues</u>			
Property taxes	\$ 6,542,250	\$ -	\$ 6,542,250
Sales taxes	2,063,104	-	2,063,104
Franchise fees and taxes	1,339,913	-	1,339,913
Other taxes	667,914	-	667,914
Licenses and permits	757,846	-	757,846
Fines and forfeitures	499,308	-	499,308
Charges for services	158,838	35,790	194,628
Intergovernmental	42,327	-	42,327
Investment revenue	2,117	-	2,117
	Total Revenues	35,790	12,109,407
<u>Expenditures</u>			
Current:			
General government	3,717,512	-	3,717,512
Public safety	6,678,552	293,764	6,972,316
Public services	733,558	-	733,558
Community services	127,112	-	127,112
Culture, parks, and recreation	1,334,715	-	1,334,715
Capital outlay	586,048	-	586,048
Debt service			
Principal	-	30,461	30,461
Interest	-	7,297	7,297
	Total Expenditures	331,522	13,509,019
	(Deficiency) of Revenues (Under) Expenditures	(295,732)	(1,399,612)
<u>Other Financing Sources (Uses)</u>			
Transfers in	1,317,091	-	1,317,091
Transfers (out)	(21,962)	-	(21,962)
	Total Other Financing Sources	-	1,350,373
	Net Change in Fund Balances	(295,732)	(49,239)
Beginning fund balances	5,108,993	422,505	5,531,498
	Ending Fund Balances	\$ 126,773	\$ 5,482,259

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 1 of 2)
September 30, 2014

	Impact Fees	Utility	2005 Rev. & Refunding Bonds	2006B Certificates of Obligation
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 2,139,999	\$ 4,500,523	\$ 102,515	\$ 255,500
Investments	-	499,495	-	-
Accounts receivable (net of allowance for uncollectibles)	4,175	989,969	-	-
Inventory	-	116,258	-	-
Total Current Assets	2,144,174	6,106,245	102,515	255,500
Noncurrent assets				
Restricted cash, cash equivalents, and investments:				
Customer deposits	-	1,069,060	-	-
Total Restricted Assets	-	1,069,060	-	-
Capital assets:				
Land	-	937,829	-	-
Buildings	-	5,523,533	-	-
Improvements	-	266,535	-	142,068
Infrastructure	-	39,996,035	757,920	3,963,806
Equipment	-	1,966,335	13,829	157,721
Construction in progress	-	443,061	80,357	91,409
Less allowance for depreciation	-	(29,908,308)	-	-
Total Capital Assets (Net)	-	19,225,020	852,106	4,355,004
Total Noncurrent Assets	-	20,294,080	852,106	4,355,004
Total Assets	\$ 2,144,174	\$ 26,400,325	\$ 954,621	\$ 4,610,504
Deferred Outflows of Resources				
Deferred charge on refunding	\$ -	\$ 800,993	\$ -	\$ -

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ 194,391	\$ 17,519	\$ 7,210,447
-	-	499,495
-	-	994,144
-	-	116,258
194,391	17,519	8,820,344
-	-	1,069,060
-	-	1,069,060
-	-	937,829
-	-	5,523,533
-	-	408,603
1,343,215	-	46,060,976
-	-	2,137,885
466,761	-	1,081,588
-	-	(29,908,308)
1,809,976	-	26,242,106
1,809,976	-	27,311,166
\$ 2,004,367	\$ 17,519	\$ 36,131,510
\$ -	\$ -	\$ 800,993

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 2 of 2)
September 30, 2014

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. & Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 9,601	\$ 83,597	\$ -	\$ -
Accrued interest payable	-	135,342	-	-
Bonds payable - current	-	1,421,957	-	-
Compensated absences	-	53,123	-	-
Total Current Liabilities	<u>9,601</u>	<u>1,694,019</u>	<u>-</u>	<u>-</u>
Current Liabilities Payable From Restricted Assets				
Customer deposits	-	1,069,060	-	-
Total Current Liabilities Payable From Restricted Assets	<u>-</u>	<u>1,069,060</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities				
Bonds payable, net of deferred charges	-	13,706,393	-	-
Compensated absences	-	5,903	-	-
Net pension obligation	-	162,151	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>13,874,447</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>9,601</u>	<u>16,637,526</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	-	5,401,686	852,106	4,355,004
Unrestricted net position	2,134,573	5,162,106	102,515	255,500
Total Net Position	<u>\$ 2,134,573</u>	<u>\$ 10,563,792</u>	<u>\$ 954,621</u>	<u>\$ 4,610,504</u>

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ 31,927	\$ -	\$ 125,125
-	-	135,342
-	-	1,421,957
-	-	53,123
<u>31,927</u>	<u>-</u>	<u>1,735,547</u>
<u>-</u>	<u>-</u>	<u>1,069,060</u>
<u>-</u>	<u>-</u>	<u>1,069,060</u>
-	-	13,706,393
-	-	5,903
-	-	162,151
<u>-</u>	<u>-</u>	<u>13,874,447</u>
<u>31,927</u>	<u>-</u>	<u>16,679,054</u>
1,809,976	-	12,418,772
<u>162,464</u>	<u>17,519</u>	<u>7,834,677</u>
<u>\$ 1,972,440</u>	<u>\$ 17,519</u>	<u>\$ 20,253,449</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, 2014

	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. & Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<u>Operating Revenues</u>				
Water service	\$ -	\$ 3,279,809	\$ -	\$ -
Sewer service	-	3,459,687	-	-
Other revenue	355,734	17,286	-	-
Total Operating Revenues	<u>355,734</u>	<u>6,756,782</u>	<u>-</u>	<u>-</u>
<u>Operating Expenses</u>				
Water service	13,051	1,241,227	97,485	10,489
Sewer service	-	2,109,800	-	39,010
Depreciation	-	1,369,253	-	-
Total Operating Expenses	<u>13,051</u>	<u>4,720,280</u>	<u>97,485</u>	<u>49,499</u>
Operating Income (Loss)	<u>342,683</u>	<u>2,036,502</u>	<u>(97,485)</u>	<u>(49,499)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Gain on sale of capital assets	-	15,000	-	-
Investment revenue	3,438	8,397	-	-
Interest and fiscal agent fees	-	(501,303)	-	-
Total Nonoperating Revenues (Expenses)	<u>3,438</u>	<u>(477,906)</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Contributions and Transfers	<u>346,121</u>	<u>1,558,596</u>	<u>(97,485)</u>	<u>(49,499)</u>
Capital contribution	-	868,117	-	-
Transfers in	-	359,410	-	-
Transfers (out)	-	(649,910)	-	-
Total Contributions and Transfers	<u>-</u>	<u>577,617</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>346,121</u>	<u>2,136,213</u>	<u>(97,485)</u>	<u>(49,499)</u>
Beginning net position	1,788,452	8,427,579	1,052,106	4,660,003
Ending Net Position	<u>\$ 2,134,573</u>	<u>\$ 10,563,792</u>	<u>\$ 954,621</u>	<u>\$ 4,610,504</u>

<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2011</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ -	\$ -	\$ 3,279,809
-	-	3,459,687
-	-	373,020
-	-	7,112,516
-	4,890	1,367,142
-	-	2,148,810
-	-	1,369,253
-	4,890	4,885,205
-	(4,890)	2,227,311
-	-	15,000
-	-	11,835
-	-	(501,303)
-	-	(474,468)
-	(4,890)	1,752,843
-	-	868,117
-	-	359,410
-	(289,775)	(939,685)
-	(289,775)	287,842
-	(294,665)	2,040,685
<u>1,972,440</u>	<u>312,184</u>	<u>18,212,764</u>
<u>\$ 1,972,440</u>	<u>\$ 17,519</u>	<u>\$ 20,253,449</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, 2014

	<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	\$ 351,559	\$ 6,702,317	\$ -	\$ -
Payments to suppliers	(3,450)	(1,644,265)	(97,485)	(49,499)
Payments to employees	-	(1,760,189)	-	-
Net Cash Provided (Used) by Operating Activities	<u>348,109</u>	<u>3,297,863</u>	<u>(97,485)</u>	<u>(49,499)</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	-	69,635	-	-
Transfer to other funds	-	(649,910)	-	-
Net Cash (Used) by Noncapital Financing Activities	<u>-</u>	<u>(580,275)</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(102,983)	(80,357)	(249,130)
Proceeds from sale of capital assets	-	15,000	-	-
Interest and fiscal agent fees paid	-	(482,226)	-	-
Principal paid on capital debt	-	(1,334,187)	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(1,904,396)</u>	<u>(80,357)</u>	<u>(249,130)</u>
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	-	321,875	-	-
Purchase of investments	-	(499,495)	-	-
Interest on investments	3,438	8,397	-	-
Net Cash Provided (Used) by Investing Activities	<u>3,438</u>	<u>(169,223)</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	<u>351,547</u>	<u>643,969</u>	<u>(177,842)</u>	<u>(298,629)</u>
Beginning cash and equity in pooled cash and investments	<u>1,788,452</u>	<u>4,925,614</u>	<u>280,357</u>	<u>554,129</u>
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 2,139,999</u>	<u>\$ 5,569,583</u>	<u>\$ 102,515</u>	<u>\$ 255,500</u>
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 2,139,999	\$ 4,500,523	\$ 102,515	\$ 255,500
Restricted cash and equity in pooled cash and investments	-	1,069,060	-	-
	<u>\$ 2,139,999</u>	<u>\$ 5,569,583</u>	<u>\$ 102,515</u>	<u>\$ 255,500</u>

2008 Certificates of Obligation	2011 Certificates of Obligation	Total Water and Sewer Fund
\$ -	\$ -	\$ 7,053,876
31,927	(4,890)	(1,767,662)
<u>-</u>	<u>-</u>	<u>(1,760,189)</u>
31,927	(4,890)	3,526,025
-	-	69,635
<u>-</u>	<u>-</u>	<u>(649,910)</u>
-	-	(580,275)
<u>-</u>	<u>-</u>	<u>-</u>
(466,761)	-	(899,231)
-	-	15,000
-	-	(482,226)
<u>-</u>	<u>-</u>	<u>(1,334,187)</u>
(466,761)	-	(2,700,644)
<u>-</u>	<u>-</u>	<u>-</u>
-	-	321,875
<u>-</u>	<u>-</u>	<u>(499,495)</u>
-	-	11,835
<u>-</u>	<u>-</u>	<u>(165,785)</u>
(434,834)	(4,890)	79,321
<u>629,225</u>	<u>22,409</u>	<u>8,200,186</u>
<u>\$ 194,391</u>	<u>\$ 17,519</u>	<u>\$ 8,279,507</u>
\$ 194,391	\$ 17,519	\$ 7,210,447
<u>-</u>	<u>-</u>	<u>1,069,060</u>
<u>\$ 194,391</u>	<u>\$ 17,519</u>	<u>\$ 8,279,507</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, 2014

	<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)	\$ 342,683	\$ 2,036,502	\$ (97,485)	\$ (49,499)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	1,369,253	-	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(4,175)	(90,785)	-	-
Inventories	-	(52,150)	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	9,601	13,896	-	-
Accrued interest payable	-	(35,410)	-	-
Compensated absences	-	9,734	-	-
Customer deposits	-	36,320	-	-
Net pension obligation	-	10,503	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 348,109</u>	<u>\$ 3,297,863</u>	<u>\$ (97,485)</u>	<u>\$ (49,499)</u>
Noncash investing, capital, and financing activities:				
Capital contribution	<u>\$ -</u>	<u>\$ 868,117</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2008 Certificates of Obligation</u>	<u>2011 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ (4,890)	\$ 2,227,311
-	-	1,369,253
-	-	(94,960)
-	-	(52,150)
31,927	-	55,424
-	-	(35,410)
-	-	9,734
-	-	36,320
-	-	10,503
<u>\$ 31,927</u>	<u>\$ (4,890)</u>	<u>\$ 3,526,025</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868,117</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.

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Financial Trends	132
<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	144
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	152
<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	162
<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	165
<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			
	2005	2006	2007	2008
Governmental Activities				
Net investment in capital assets	\$ 27,092,862	\$ 26,117,047	\$ 26,711,260	\$ 24,683,114
Restricted	2,268,984	2,379,709	4,185,439	5,412,521
Unrestricted	4,985,742	5,042,427	5,088,173	6,373,807
Total Governmental Activities Net Position	\$ 34,347,588	\$ 33,539,183	\$ 35,984,872	\$ 36,469,442
Business-Type Activities				
Net investment in capital assets	\$ 13,231,101	\$ 13,946,640	\$ 10,031,169	\$ 9,185,334
Restricted	322,591	542,103	542,103	845,723
Unrestricted	2,121,607	1,442,853	3,801,084	4,625,332
Total Business-Type Activities Net Position	\$ 15,675,299	\$ 15,931,596	\$ 14,374,356	\$ 14,656,389
Primary Government				
Net investment in capital assets	\$ 40,323,963	\$ 40,063,687	\$ 36,742,429	\$ 33,868,448
Restricted	2,591,575	2,921,812	4,727,542	6,258,244
Unrestricted	7,107,349	6,485,280	8,889,257	10,999,139
Total Primary Government Net Position	\$ 50,022,887	\$ 49,470,779	\$ 50,359,228	\$ 51,125,831

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 23,625,720	\$ 23,231,068	\$ 23,710,635	\$ 24,498,035	\$ 24,498,035	\$ 27,186,272
8,162,397	9,006,259	9,614,913	9,400,498	9,400,498	7,224,941
4,881,248	5,151,195	3,785,438	4,114,881	4,114,881	6,411,052
<u>\$ 36,669,365</u>	<u>\$ 37,388,522</u>	<u>\$ 37,110,986</u>	<u>\$ 38,013,414</u>	<u>\$ 38,013,414</u>	<u>\$ 40,822,265</u>
\$ 10,094,821	\$ 7,281,665	\$ 9,898,132	\$ 12,506,488	\$ 12,637,625	\$ 13,841,547
861,202	805,076	698,662	706,487	677,203	-
5,873,472	9,272,256	7,639,207	6,364,658	7,553,375	11,521,449
<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>	<u>\$ 18,236,001</u>	<u>\$ 19,577,633</u>	<u>\$ 20,868,203</u>	<u>\$ 25,362,996</u>
\$ 33,720,541	\$ 30,512,733	\$ 33,608,767	\$ 37,004,523	\$ 37,135,660	\$ 41,027,819
9,023,599	9,811,335	10,313,575	10,106,985	10,077,701	7,224,941
10,754,720	14,423,451	11,424,645	10,479,539	11,668,256	17,932,501
<u>\$ 53,498,860</u>	<u>\$ 54,747,519</u>	<u>\$ 55,346,987</u>	<u>\$ 57,591,047</u>	<u>\$ 58,881,617</u>	<u>\$ 66,185,261</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental Activities				
General government	\$ 2,883,482	\$ 2,878,778	\$ 3,155,673	\$ 3,397,176
Public safety	4,832,986	5,054,540	5,765,961	5,885,390
Engineering and planning	762,367	582,378	554,616	751,470
Public services	4,437,460	3,766,436	3,907,160	3,697,371
Community services	128,758	153,328	347,169	297,019
Culture, parks and recreation	1,852,042	1,329,498	1,222,914	1,827,931
Interest on long-term debt	334,761	486,490	470,225	320,272
Total Governmental Activities Expenses	15,231,856	14,251,448	15,423,718	16,176,629
Business-Type Activities				
Water and sewer	2,517,163	4,217,430	5,179,628	5,048,607
Sanitation	1,577,475	1,561,134	1,679,203	3,032,494
EMS	898,288	860,354	1,060,634	1,015,022
Conference center	-	-	-	-
Total Business-Type Activities Expenses	4,992,926	6,638,918	7,919,465	9,096,123
Total Primary Government Expenses	\$ 20,224,782	\$ 20,890,366	\$ 23,343,183	\$ 25,272,752
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 18,093	\$ 36,736	\$ 37,029	\$ 22,764
Public safety	637,234	665,255	735,677	745,922
Engineering and planning	260,727	610,541	401,661	328,881
Community services	-	-	-	-
Culture and recreation	156,446	178,087	187,229	167,642
Operating grants and contributions	272,811	108,200	157,790	434,842
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	1,345,311	1,598,819	1,519,386	1,700,051
Business-Type Activities				
Charges for services				
Water and sewer	5,211,377	5,849,098	5,771,303	6,211,760
Sanitation	1,714,332	1,811,689	1,995,110	1,943,739
EMS	863,605	1,000,321	1,126,101	1,204,907
Operating grants and contributions	37,685	12,133	1,364	1,343,767
Capital grants and contributions:				
Water and sewer	16,987	-	-	-
Total Business-Type Activities Program Revenues	7,843,986	8,673,241	8,893,878	10,704,173
Total Primary Government Program Revenues	\$ 9,189,297	\$ 10,272,060	\$ 10,413,264	\$ 12,404,224
Net (Expense)/Revenue				
Governmental activities	\$ (13,886,545)	\$ (12,652,629)	\$ (13,904,332)	\$ (14,476,578)
Business-type activities	2,851,060	2,034,323	974,413	1,608,050
Total Primary Government Net Expense	\$ (11,035,485)	\$ (10,618,306)	\$ (12,929,919)	\$ (12,868,528)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 4,618,306	\$ 3,398,391	\$ 3,493,056	\$ 3,856,490	\$ 3,568,941	\$ 4,008,901
6,828,196	6,612,487	6,818,758	7,183,101	7,605,752	7,665,242
-	-	-	-	-	-
1,195,696	1,762,534	1,354,999	1,558,656	1,602,661	1,357,311
2,110,567	2,739,494	2,789,836	2,237,711	2,937,559	3,109,731
1,637,049	1,550,634	1,300,499	1,345,650	1,526,973	1,554,800
255,366	246,444	953,431	307,110	357,208	317,321
<u>16,645,180</u>	<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>
5,324,261	5,684,004	5,275,355	5,149,638	5,409,975	5,386,508
3,811,391	1,841,385	1,951,774	2,044,570	2,121,232	2,150,276
1,333,579	1,310,354	1,705,571	1,761,534	1,883,560	1,656,281
-	53,520	99,129	-	-	-
<u>10,469,231</u>	<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>\$ 27,114,411</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>
\$ 98,718	\$ 236,236	\$ 184,829	\$ 256,623	\$ 280,518	\$ 234,378
1,092,685	1,157,482	1,098,168	1,064,705	1,115,717	1,281,187
-	-	-	-	-	-
79,648	-	-	-	-	-
-	-	-	-	-	-
770,851	305,758	89,468	261,048	482,603	125,138
-	-	-	-	-	1,785,962
<u>2,041,902</u>	<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>
6,325,404	6,299,393	6,767,843	6,529,061	6,996,639	7,112,516
2,174,386	2,290,014	2,162,461	2,305,500	2,481,820	2,548,700
1,278,655	1,292,152	1,630,354	1,671,346	2,607,911	1,349,485
1,643,163	409,277	195,895	231,858	254,710	230,308
-	-	-	-	-	-
<u>11,421,608</u>	<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>\$ 13,463,510</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>
\$ (14,603,278)	\$ (14,610,508)	\$ (15,338,114)	\$ (14,906,342)	\$ (15,720,256)	\$ (14,586,641)
952,377	1,401,573	1,724,724	1,782,023	2,926,313	2,047,944
<u>\$ (13,650,901)</u>	<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>

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

	Fiscal Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666	\$ 7,135,500
Sales and use taxes	4,185,111	4,311,123	5,540,205	5,754,038
Franchise taxes	1,257,702	1,279,211	1,321,208	1,332,828
Other taxes	-	-	-	-
Investment revenue	161,734	364,080	674,853	483,412
Other revenues	14,587	94,255	44,355	121,128
Transfers	2,664,611	1,184,047	1,581,281	(10,449)
Total Governmental Activities	<u>13,646,971</u>	<u>13,026,348</u>	<u>15,603,568</u>	<u>14,816,457</u>
Business-Type Activities				
Investment earnings	60,292	195,478	440,689	265,878
Other revenues	9,562	5,043	5,875	168,707
Transfers	(2,664,611)	(1,184,047)	(1,581,281)	10,449
Total Business-Type Activities	<u>(2,594,757)</u>	<u>(983,526)</u>	<u>(1,134,717)</u>	<u>445,034</u>
Total Primary Government	<u>\$ 11,052,214</u>	<u>\$ 12,042,822</u>	<u>\$ 14,468,851</u>	<u>\$ 15,261,491</u>
Change in Net Position				
Governmental activities	\$ (239,574)	\$ 373,719	\$ 1,699,236	\$ 339,879
Business-type activities	256,303	1,050,797	(160,304)	2,053,084
Total Primary Government	<u>\$ 16,729</u>	<u>\$ 1,424,516</u>	<u>\$ 1,538,932</u>	<u>\$ 2,392,963</u>

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	\$ 8,187,335
5,395,694	5,164,667	5,460,695	5,720,505	6,039,358	6,188,081
1,535,710	1,601,341	1,550,016	1,607,488	1,608,142	1,701,814
28,484	221,885	196,510	191,970	219,973	667,914
131,886	36,080	45,388	31,176	34,018	41,979
96,555	233,080	43,166	204,763	174,102	20,650
526,323	543,456	394,906	501,190	538,555	(10,030)
<u>14,803,201</u>	<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>
88,820	13,571	11,311	13,322	15,904	15,163
14,628	5,316	503	2,726	2,994	15,000
(526,323)	(543,456)	(394,906)	(501,190)	(538,555)	10,030
<u>(422,875)</u>	<u>(524,569)</u>	<u>(383,092)</u>	<u>(485,142)</u>	<u>(519,657)</u>	<u>40,193</u>
<u>\$ 14,380,326</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>
\$ 199,923	\$ 719,157	\$ (335,766)	\$ 1,074,786	\$ 597,749	\$ 2,211,102
529,502	877,004	1,341,632	1,296,881	2,406,656	2,088,137
<u>\$ 729,425</u>	<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>

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

Source	Fiscal Year			
	2005	2006	2007	2008
Property	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666	\$ 7,135,500
Sales and use	4,185,111	4,311,123	5,540,205	5,754,038
Franchise fees	1,257,702	1,279,212	1,321,208	1,332,828
Other taxes	-	-	-	-
	<u>\$ 10,806,039</u>	<u>\$ 11,383,967</u>	<u>\$ 13,303,079</u>	<u>\$ 14,222,366</u>

Fiscal Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	\$ 7,703,857	\$ 8,187,335	6.3%
5,164,667	5,460,695	5,720,505	6,039,358	6,039,358	6,188,081	2.5%
1,601,341	1,550,016	1,607,488	1,608,142	1,608,142	1,701,814	5.8%
221,885	196,510	191,970	219,973	219,973	667,914	203.6%
<u>\$ 14,517,049</u>	<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>	7.5%

CITY OF ALVIN, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 26,761	\$ 26,761	\$ 33,236	\$ 55,371
Restricted	-	-	-	-
Assigned	68,398	48,225	1,151,177	1,030,815
Unassigned	3,027,096	3,211,526	2,961,457	4,444,453
Total General Fund	<u>\$ 3,122,255</u>	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	3,686,545	5,938,783	8,116,764	6,856,654
Assigned	370,982	377,940	397,964	397,040
Total All Other Governmental Funds	<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 15,611	\$ 10,809	\$ 15,245	\$ 39,347	\$ 21,523	\$ 16,823
-	-	2,646	-	-	-
615,281	2,393,358	1,318,358	911,311	693,859	527,330
4,560,653	3,105,318	4,355,741	4,658,915	4,816,116	4,938,106
<u>\$ 5,191,545</u>	<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>
\$ 5,927	\$ 200	\$ 5,777	\$ -	\$ -	\$ 250
7,332,625	7,936,885	10,260,756	9,400,498	9,229,378	7,224,941
408,417	418,602	719,805	714,349	667,680	609,208
<u>\$ 7,746,969</u>	<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>

CITY OF ALVIN, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 10,820,920	\$ 11,351,914	\$ 13,228,598	\$ 14,294,405
Permits, licenses, and fees	301,393	663,057	325,191	316,854
Fines and forfeitures	381,554	388,202	437,085	455,554
Intergovernmental	215,244	4,313	3,731	530,316
Contributions	3,825	22,027	32,563	-
Investment earnings	171,876	345,650	620,207	439,770
Other revenues	471,511	598,811	756,958	654,819
Total Revenues	<u>12,366,323</u>	<u>13,373,974</u>	<u>15,404,333</u>	<u>16,691,718</u>
Expenditures				
General government	2,704,408	2,676,013	3,019,200	3,269,353
Public safety	4,788,853	4,809,776	4,932,289	5,723,203
Engineering and planning	768,252	552,276	489,331	712,129
Public services	1,406,740	1,518,905	2,870,696	1,977,554
Community services	21,015	143,300	158,160	186,487
Culture, parks, and recreation	1,077,971	906,749	950,845	1,028,437
Library	71,666	79,117	94,886	113,061
Capital outlay	3,883,770	2,266,772	1,503,979	2,520,505
Debt service:				
Principal	788,572	810,861	801,753	1,163,091
Interest	337,391	455,020	430,776	436,194
Total Expenditures	<u>15,848,638</u>	<u>14,218,789</u>	<u>15,251,915</u>	<u>17,130,014</u>
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	(3,482,315)	(844,815)	152,418	(438,296)
Other Financing Sources (Uses)				
Transfers in	5,385,425	3,362,287	4,744,518	3,423,766
Transfers out	(2,720,814)	(2,910,566)	(3,962,600)	(3,799,196)
Refunding bonds issued	-	-	-	-
Bonds issued	478,925	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
Sales of capital assets	-	28,351	22,916	-
Total Other Financing Sources	<u>3,143,536</u>	<u>3,261,663</u>	<u>1,871,486</u>	<u>562,037</u>
Net Change in Fund Balances	<u>\$ (338,779)</u>	<u>\$ 2,416,848</u>	<u>\$ 2,023,904</u>	<u>\$ 123,741</u>
Debt service as a percentage of noncapital expenditures	10.40%	11.80%	9.80%	12.30%

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	14,301,958	\$	14,343,382	\$	14,501,052	\$	15,250,115	\$	15,688,295	\$	16,730,919
	611,082		937,525		650,219		632,240		692,937		757,846
	481,603		456,193		447,949		432,465		422,780		523,341
	748,833		305,758		89,468		257,797		482,603		1,138,100
	-		-		-		-		-		-
	106,888		20,367		34,745		29,331		32,070		19,131
	242,018		233,080		227,995		421,106		428,861		264,820
	<u>16,492,382</u>		<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>
	3,284,579		3,239,705		3,310,855		3,657,108		3,614,875		3,758,455
	6,129,989		6,145,941		6,190,062		6,649,457		7,173,699		7,379,988
	-		-		-		-		-		-
	777,418		715,606		589,836		957,761		764,420		733,558
	1,361,535		2,591,826		2,595,532		2,202,737		2,871,927		3,264,534
	1,369,506		1,079,481		984,023		1,201,941		1,308,817		1,352,134
	12,160		49,515		-		-		-		-
	2,572,745		1,005,809		2,677,414		2,185,599		3,299,578		4,351,864
	1,038,791		978,025		1,308,502		1,159,881		1,205,572		1,314,318
	412,775		411,836		558,483		472,802		351,120		304,535
	<u>16,959,498</u>		<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>
	(467,116)		78,561		(2,263,279)		(1,464,232)		(2,842,462)		(3,025,229)
	2,520,975		1,174,886		999,485		1,064,794		1,574,897		2,207,172
	(1,994,652)		(631,430)		(604,579)		(563,604)		(713,299)		(1,349,085)
	-		-		4,321,938		1,597,055		-		-
	-		304,641		4,468,507		-		1,235,000		-
	-		-		249,910		5,112		-		-
	-		-		(4,417,056)		(1,593,033)		-		-
	94,974		-		-		-		450,000		55,244
	-		-		-		-		-		-
	<u>621,297</u>		<u>848,097</u>		<u>5,018,205</u>		<u>510,324</u>		<u>2,546,598</u>		<u>913,331</u>
\$	<u>154,181</u>	\$	<u>926,658</u>	\$	<u>2,754,926</u>	\$	<u>(953,908)</u>	\$	<u>(295,864)</u>	\$	<u>(2,111,898)</u>
	10.09%		9.12%		12.02%		9.94%		8.73%		8.73%

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

	Fiscal Year			
	2005	2006	2007	2008
Residential Property	\$ 419,639,580	\$ 463,788,970	\$ 494,709,890	\$ 545,828,781
Commercial Property	280,972,630	310,043,900	328,960,620	372,642,100
Less: Tax Exempt Property	<u>(45,598,292)</u>	<u>(52,772,196)</u>	<u>(27,271,987)</u>	<u>(17,519,673)</u>
Total Taxable Assessed Value (1)	<u>\$ 655,013,918</u>	<u>\$ 721,060,674</u>	<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>
Taxable Assessed Value as a Percentage of Estimated Actual Value	100.00%	100.00%	100.00%	100.00%
Estimated Actual Taxable Value	\$ 655,013,918	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208
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					
2009	2010	2011	2012	2013	2014
\$ 561,797,458	\$ 569,692,952	\$ 555,669,430	\$ 554,570,924	\$ 556,130,424	\$ 565,488,275
376,840,429	398,544,224	409,764,239	412,237,877	413,559,139	473,377,668
(29,535,234)	(46,725,576)	(62,660,621)	(59,267,694)	(52,505,543)	(84,431,339)
<u>\$ 909,102,653</u>	<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>	<u>\$ 917,184,020</u>	<u>\$ 954,434,604</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 954,434,604
\$ 0.80360	\$ 0.80360	\$ 0.80360	\$ 0.84360	\$ 0.84380	\$ 0.84360

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

	Fiscal Year			
	2005	2006	2007	2008
City By Fund:				
Operating	\$ 0.6486	\$ 0.6784	\$ 0.6565	\$ 0.6440
Debt service	0.1550	0.1252	0.1471	0.1596
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.6261	1.7058	1.5459	1.3282
Brazoria County	0.3620	0.3480	0.3817	0.3114
C&R District No. 3	0.1316	0.1306	0.1300	0.1281
Alvin Community College	0.2406	0.2376	0.2195	0.2103
Total Direct and Overlapping Rates (1)	<u>\$ 3.1639</u>	<u>\$ 3.2256</u>	<u>\$ 3.0807</u>	<u>\$ 2.7816</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						
2009	2010	2011	2012	2013	2014	
\$ 0.6544	\$ 0.6709	\$ 0.6697	\$ 0.7137	\$ 0.7023	\$ 0.6823	
0.1492	0.1327	0.1339	0.1299	0.1415	0.1613	
0.8036	0.8036	0.8036	0.8436	0.8438	0.8436	
1.3282	1.3041	1.3041	1.3291	1.3291	1.3291	
0.3900	0.4263	0.4631	0.4259	0.4320	0.4920	
0.1500	0.1500	0.1500	0.1500	0.1560	0.1560	
0.1998	0.1998	0.1998	0.1998	0.1990	0.1998	
<u>\$ 2.8716</u>	<u>\$ 2.8838</u>	<u>\$ 2.9206</u>	<u>\$ 2.9484</u>	<u>\$ 2.9599</u>	<u>\$ 3.0205</u>	

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CITY OF ALVIN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Weatherford USA, LP	\$ 30,529,610	1	3.20%	\$ 9,690,590	4	1.48%
WalMart	17,753,190	2	1.86%	16,250,400	1	2.48%
Texas New Mexico Power	10,534,090	3	1.10%	7,220,280	5	1.10%
Home Depot	9,687,677	4	1.02%	N/A	-	-
Team Industrial Services, Inc.	9,235,323	5	0.97%	N/A	-	-
Highland Square, LTD	8,068,220	6	0.85%	5,210,690	9	0.80%
RiceTec	7,714,570	7	0.81%	N/A	-	-
Ron Carter	7,297,470	8	0.76%	10,239,250	3	1.56%
Alvin Autoland, Inc.	6,780,340	9	0.71%	12,192,920	2	1.86%
Alvin Motorcars, LTD	5,089,790	10	0.53%	N/A	-	-
Southwestern Bell	N/A	-	-	6,442,920	6	0.98%
Texas Cable Partners	N/A	-	-	5,515,870	7	0.84%
Highland Square, LTD	N/A	-	-	5,331,500	8	0.81%
IPOP	N/A	-	-	4,702,330	10	0.72%
Subtotal	<u>112,690,280</u>		<u>11.81%</u>	<u>82,796,750</u>		<u>12.64%</u>
Other Taxpayers	<u>841,744,324</u>		<u>88.19%</u>	<u>572,217,168</u>		<u>87.36%</u>
Total	<u><u>\$ 954,434,604</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 655,013,918</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			
	2005	2006	2007	2008
Tax levy	\$ 5,299,102	\$ 5,689,656	\$ 6,294,442	\$ 7,070,199
Current tax collected	\$ 5,104,625	\$ 5,519,795	\$ 6,117,953	\$ 6,907,075
Percent of current tax collections	96.33%	97.01%	97.20%	97.69%
Delinquent tax collections	<u>\$ 177,270</u>	<u>\$ 157,488</u>	<u>\$ 159,222</u>	<u>\$ 149,237</u>
Total tax collections	<u>\$ 5,281,895</u>	<u>\$ 5,677,283</u>	<u>\$ 6,277,175</u>	<u>\$ 7,056,312</u>
Total collections as a percentage of current levy	99.68%	99.78%	99.73%	99.80%
Outstanding delinquent taxes	\$ 17,207	\$ 12,373	\$ 17,267	\$ 13,887
Outstanding delinquent taxes as percentage of current levy	0.33%	0.22%	0.27%	0.20%

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 7,250,049	\$ 7,282,858	\$ 7,192,398	\$ 7,637,692	\$ 7,747,425	\$ 8,051,610
\$ 7,099,395	\$ 7,118,215	\$ 6,997,769	\$ 7,489,804	\$ 7,566,448	\$ 7,945,225
97.92%	97.74%	97.29%	98.06%	97.66%	98.68%
\$ 133,796	\$ 142,509	\$ 173,866	\$ 120,256	\$ 130,203	\$ -
<u>\$ 7,233,191</u>	<u>\$ 7,260,724</u>	<u>\$ 7,171,635</u>	<u>\$ 7,610,060</u>	<u>\$ 7,696,651</u>	<u>\$ 7,945,225</u>
99.77%	99.70%	99.71%	99.64%	99.34%	98.68%
\$ 16,858	\$ 22,134	\$ 20,763	\$ 27,632	\$ 50,774	\$ 106,385
0.23%	0.30%	0.29%	0.36%	0.66%	1.32%

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

	Fiscal Year			
	2005	2006	2007	2008
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 7,853,407	\$ 7,266,269	\$ 7,378,016	\$ 6,516,969
Certificates of obligation	293,260	3,047,344	3,020,064	3,527,784
Capital leases	282,482	84,675	265,107	392,810
Issuance discounts/premiums	25,142	23,204	19,860	16,516
Subtotal	<u>8,454,291</u>	<u>10,421,492</u>	<u>10,683,047</u>	<u>\$ 10,454,079</u>
Business-Type Activities:				
Revenue bonds	10,120,000	12,160,000	\$ 12,025,000	11,815,000
General obligation bonds	8,761,591	7,618,729	6,381,984	5,093,032
Certificates of obligation	1,006,740	4,897,657	4,824,936	6,742,216
Capital leases	176,786	34,666	13,697	-
Issuance discounts/premiums	22,697	(16,214)	(17,033)	(17,855)
Subtotal	<u>20,087,814</u>	<u>24,694,838</u>	<u>23,228,584</u>	<u>23,632,393</u>
Total Primary Government	<u>\$ 28,542,105</u>	<u>\$ 35,116,330</u>	<u>\$ 33,911,631</u>	<u>\$ 34,086,472</u>
 Personal Income	 \$ 403,635,000	 \$ 457,017,000	 \$ 480,593,000	 \$ 518,087,000
Debt as a Percentage of Personal Income	7.07%	7.68%	7.06%	6.58%
Population	21,413	21,413	21,413	21,413
Debt per Capita	\$ 1,333	\$ 1,640	\$ 1,584	\$ 1,592

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

Fiscal Year

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	5,736,412	\$ 5,372,311	\$ 5,090,115	\$ 5,861,240	\$ 6,153,088	\$ 5,154,756
	3,360,504	3,146,860	6,663,507	4,919,192	4,656,772	4,371,247
	301,856	206,217	105,679	-	450,000	472,490
	13,172	9,828	259,172	247,950	231,616	215,282
	<u>9,411,944</u>	<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>
	11,345,000	10,745,000	10,145,000	4,945,000	4,925,000	-
	3,763,588	4,538,690	4,886,883	11,921,760	10,740,921	14,560,252
	6,669,496	6,298,140	4,086,493	1,160,808	898,228	623,753
	-	-	-	-	-	-
	(18,677)	14,179	195,312	189,361	179,071	195,899
	<u>21,759,407</u>	<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><u>31,171,351</u></u>	<u><u>30,331,225</u></u>	<u><u>31,432,161</u></u>	<u><u>29,245,311</u></u>	<u><u>28,234,696</u></u>	<u><u>25,593,679</u></u>
\$	519,651,000	\$ 586,289,000	\$ 588,159,000	\$ 539,299,000	\$ 564,481,000	\$ 566,832,000
	6.00%	5.17%	5.34%	5.42%	5.00%	4.52%
	21,413	21,413	21,413	24,236	24,236	24,236
\$	1,456	\$ 1,416	\$ 1,468	\$ 1,207	\$ 1,165	\$ 1,056

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

	Fiscal Year			
	2005	2006	2007	2008
Estimated Actual Taxable Value of Property				
All property	\$ 655,013,918	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208
Net Bonded Debt (1)				
General bonded debt	\$ 8,454,291	\$ 10,421,492	\$ 10,683,047	\$ 10,454,079
Less debt service funds	479,185	325,660	346,983	319,154
Net Bonded Debt	<u>\$ 7,975,106</u>	<u>\$ 10,095,832</u>	<u>\$ 10,336,064</u>	<u>\$ 10,134,925</u>
Percentage of Estimated Actual Taxable Value of Property	1.22%	1.40%	1.30%	1.12%
Population	21,413	21,413	21,413	21,413
Per Capita	\$ 372	\$ 471	\$ 483	\$ 473

Note:

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 954,434,604
\$ 9,411,944	\$ 8,735,216	\$ 12,118,473	\$ 11,028,382	\$ 11,491,476	\$ 10,213,775
374,250	420,806	409,223	99,776	102,167	79,394
<u>\$ 9,037,694</u>	<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>
0.99%	0.90%	1.30%	1.20%	1.24%	1.06%
21,413	21,413	21,413	24,236	24,236	24,236
\$ 422	\$ 388	\$ 547	\$ 451	\$ 470	\$ 418

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2014

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Brazoria County	\$ 90,265,000	4.77%	\$ 4,305,641
Alvin ISD	\$ 461,390,000	19.27%	88,909,853
Alvin Community College	\$ 14,380,000	15.71%	2,259,098
Subtotal, overlapping debt			95,474,592
City Direct Debt	\$ 10,213,775	100.00%	10,213,775
Total Direct and Overlapping Debt			\$ 105,688,367

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, 2014

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2014	\$ 954,434,604	100%	\$ 954,434,604
2013	\$ 917,184,020	100%	917,184,020
2012	\$ 907,541,107	100%	907,541,107
2011	\$ 902,773,048	100%	902,773,048
2010	\$ 921,511,600	100%	921,511,600
Total Five Year Valuation			<u><u>\$ 4,603,444,379</u></u>
Five Year Average Full Valuation of Taxable Real Property			<u><u>\$ 920,688,876</u></u>
Debt Limit (10% of Average Full Valuation)			<u><u>\$ 92,068,888</u></u>
Outstanding Indebtedness at September 30			
Governmental Activities - General Obligation Debt			\$ 5,154,756
Business-type Activities - General Obligation Debt			<u>14,560,252</u>
Net Indebtedness Subject to Debt Limit			<u><u>\$ 19,715,008</u></u>
Net Debt Contracting Margin			\$ 72,353,880
Percentage of Net Debt Contracting Margin Available			78.59%
Percentage of Net Debt Contracting Power Exhausted			<u><u>21.41%</u></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>
2014	\$ 92,068,888	\$ 19,715,008	\$ 72,353,880	78.59%
2013	\$ 91,718,402	\$ 16,894,009	\$ 74,824,393	81.58%
2012	\$ 90,754,111	\$ 17,783,000	\$ 72,971,111	80.41%
2011	\$ 90,277,305	\$ 9,976,998	\$ 80,300,307	88.95%
2010	\$ 92,151,160	\$ 9,911,001	\$ 82,240,159	89.24%
2009	\$ 108,094,183	\$ 9,500,000	\$ 98,594,183	91.21%
2008	\$ 96,616,510	\$ 11,610,001	\$ 85,006,509	87.98%
2007	\$ 90,653,218	\$ 13,760,000	\$ 76,893,218	84.82%
2006	\$ 83,161,407	\$ 14,884,998	\$ 68,276,409	82.10%
2005	\$ 59,647,642	\$ 16,614,998	\$ 43,032,644	72.14%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Gross Revenues (1)	\$ 5,183,862	\$ 6,036,003	\$ 6,190,290	\$ 6,750,856
Operating Expenses (2)	2,943,051	2,378,938	4,027,507	4,166,715
Net Revenues Available for Debt Service	\$ 2,240,811	\$ 3,657,065	\$ 2,162,783	\$ 2,584,141
Debt Service Requirements (3)				
Principal	\$ 1,146,810	\$ 1,436,945	\$ 1,429,846	\$ 1,556,533
Interest	782,824	826,533	1,036,558	881,892
Total	\$ 1,929,634	\$ 2,263,478	\$ 2,466,404	\$ 2,438,425
Coverage	1.16	1.62	0.88	1.06

- (1) Total revenues including interest
- (2) Total operating expenses less depreciation
- (3) Includes revenue bonds only

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,605,025	\$ 6,309,789	\$ 6,776,431	\$ 6,539,555	\$ 7,009,368	\$ 7,124,351
<u>4,361,497</u>	<u>3,516,010</u>	<u>3,165,676</u>	<u>3,205,149</u>	<u>3,487,003</u>	<u>3,515,952</u>
<u>\$ 2,243,528</u>	<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>
\$ 1,478,461	\$ 600,000	\$ 600,000	\$ 620,000	\$ 20,000	\$ -
875,517	425,106	407,106	388,256	204,338	-
<u>\$ 2,353,978</u>	<u>\$ 1,025,106</u>	<u>\$ 1,007,106</u>	<u>\$ 1,008,256</u>	<u>\$ 224,338</u>	<u>\$ -</u>
0.95	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)
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	13.75	12,600	7.30%
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%

Data sources:

- (1) Alvin Manvel Area Chamber of Commerce; 2011 Estimated Census.
- (2) Alvin Independent School District.
- (3) Brazoria County Labor Market Information Website
- (4) Community Economic Development HotRepot

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,652	1	44.21%	1,834	1	38.77%
DISH Network	750	2	12.50%	-	-	-
Ascend Performance Materials	620	3	10.34%	-	-	-
WalMart	520	4	8.67%	514	2	10.86%
INEOS Olfens & Polymers USA	455	5	7.59%	429	5	9.07%
Alvin Community College	300	6	5.00%	500	3	10.57%
Rice Tec	253	7	4.22%	149	9	3.15%
Team Industrial Services	190	8	3.17%	65	10	1.37%
City of Alvin	188	9	3.13%	165	8	3.49%
Diversified Ceramics	70	10	1.17%	-	-	-
Solutia	-	-	-	465	4	9.83%
Ron Carter Automotive Center	-	-	-	310	6	6.55%
Equistar Chocolate Bayou Complex	-	-	-	300	7	6.34%
Total	<u>5,998</u>		<u>100.00%</u>	<u>4,731</u>		<u>100.00%</u>

Source: Economic development department

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Administration	5.5	5.5	7.0	6.0	2.0	2.0	2.0	4.0	3.0	2.0
Legal	2.0	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	2.0
City Secretary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	6.0	7.0	7.0	7.0	9.0	9.0	8.0	6.0	7.0	7.0
Public Safety										
Police	69.0	70.0	74.0	76.0	72.0	72.0	75.0	76.0	74.0	73.0
Fire	2.5	3.0	3.0	3.0	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	2.0	4.0	4.0
Culture and Recreation										
Parks	9.5	9.5	10.5	10.0	10.0	9.0	9.0	11.0	10.0	10.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	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
CYB	-	-	-	-	-	1.0	1.0	1.0	2.0	2.0
Public Works										
Street	16.0	16.0	17.0	19.0	20.0	20.0	20.0	22.0	25.0	25.0
Engineering										
Engineering	9.0	9.0	9.0	9.0	4.0	-	-	-	9.0	7.0
Planning	-	-	-	-	4.0	-	-	-	-	-
CIP	-	-	-	-	4.0	4.0	-	-	-	-
Community Development										
Inspections	3.0	4.0	4.0	4.0	5.0	4.0	5.0	9.0	4.0	4.0
Code Enforcement	-	-	-	-	4.0	4.0	4.0	4.0	-	4.0
General Fund Total	131.5	138.0	145.5	148.0	156.0	146.0	146.0	151.0	154.0	154.0
Enterprise Fund:										
Administration	6.0	7.5	7.5	7.0	8.0	7.0	7.0	7.0	8.0	8.0
Water, Sewer, WWTP	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.0	24.0
Enterprise Fund Total	30.0	31.5	31.5	31.0	32.0	31.0	31.0	31.0	33.0	32.0
Internal Service Fund:										
Administration	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Internal Service Fund Total	5.0	4.0	5.0							
Emergency Medical Services:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Emergency Medical Service Total	2.0	3.0	3.0	3.0						
TOTAL CITY POSITIONS	168.5	175.5	183.0	185.0	194.0	183.0	183.0	189.0	194.0	194.0

Source: Economic development department

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

	Fiscal Year			
	2005	2006	2007	2008
Function/Program				
Police				
Physical arrests	2,506	2,627	1,557	2,201
Traffic violations	2,378	1,936	2,620	3,074
Fire				
Emergency responses	710	724	712	889
Inspections	634	747	876	884
Sanitation				
Monthly residential pickups	4,903	5,042	5,147	5,317
Commercial containers	797	602	781	845
Culture and recreation				
Athletic fields	21	21	21	21
Water				
New accounts	96	237	154	128
Total number of water connections	6,055	6,975	7,129	7,257
Average daily consumption (thousands of gallons)	2.350	2.287	2.226	2.379
Sewer				
Average daily sewage treatment (thousands of gallons)	3.500	2.395	3.000	2.965

Source: Various City departments

Note: Indicators are not available for the general government function

Fiscal Year

2009	2010	2011	2012	2013	2014
1,973	1,920	2,253	2,199	2,402	676
3,405	3,429	3,857	3,649	4,522	5,001
894	599	511	560	551	675
461	424	511	428	333	740
5,339	5,376	5,452	5,486	5,566	5,683
835	835	848	842	866	883
21	22	22	22	22	22
93	55	94	91	117	119
7,350	7,405	7,499	7,567	7,684	7,803
2,774	2,414	2,414	2,395	2,337	2,337
2,552	3,416	3,416	2,860	2,639	2,639

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	32	32	35	34
Fire				
Fire station	2	2	2	2
Volunteers	63	57	61	64
Highways and Streets				
Streets (miles)	192	178	178	178
Parks and recreation				
Parks acreage	88	91	108	108
Parks	13	15	15	15
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)	137	142	145	145
Fire hydrants	891	876	901	905
Storage capacity (thousands of gallons)	2,496	2,496	2,496	2,496
Sewer				
Sanitary sewers (miles)	135.0	138.0	140.0	104.0
Storm sewers (miles)	35.0	38.0	50.0	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					
2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
36	41	41	41	41	41
3	3	3	3	3	3
65	65	65	65	65	65
180	180	180	180	180	180
101	101	103	103	171	171
16	16	16	16	14	14
-	-	-	-	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
145	147	147	150	150	150
905	920	920	946	949	949
7.920	8.310	8.310	8.310	8.310	8.310
104.0	141.0	141.0	142.0	142.0	142.0
50.5	52.0	52.0	52.0	52.0	52.0
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, 2014**

CITY OF ALVIN, TEXAS

SINGLE AUDIT REPORTS

For the Year Ended September 30, 2014

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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 27, 2015

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, 2014, 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 27, 2015.

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.

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 27, 2015

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, 2014. 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.

Partners

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Stephanie E. Harris, CPA
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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, 2014.

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, 2014, 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 27, 2015, 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, 2014

No prior findings.

CITY OF ALVIN, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2014

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>Program Title</u>	<u>CFDA Number</u>
Community Development Block Grant - Disaster Recovery	14.218

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, 2014

<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	\$ 6,768
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>6,768</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Pass-through Texas Department of Transportation</i>			
Highway Planning and Construction	20.205	TP13-139	122,840
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>122,840</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	12-174-000-4969	425,055
Community Development Block Grant - Disaster Recovery	14.218	12-490-000-6665	443,061
<i>Pass-through Brazoria County</i>			
Community Development Block Grant - Disaster Recovery	14.218	B-13-UC-48-0005	22,005
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>890,121</u>
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 1,019,729</u>

CITY OF ALVIN, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
For the Year Ended September 30, 2014

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

Discussion Date:

Approval Date: 03/19/2015

Submitted By: Junru Roland

SUBJECT:

Consider approval of Belt Harris Pechacek, LLLP as the City's auditors for the fiscal year ending September 30, 2015, and authorize the Mayor to sign the Auditor's Engagement Letter.

DISCUSSION:

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, LLLP has served as the City's auditors for several years, and has an excellent working relationship with management and staff. Their base estimated fee for a financial statement audit is \$35,355; with an additional estimated fee of \$7,000, if the City requires a single audit. A single audit is additional auditing procedures that are required if a city receives and expends over \$500,000 of federal funds in a fiscal year.

Funding for the 2014-15 audit engagement will come from funds budgeted in accounts 111-9001-00-3110 and 211-9002-00-3110.

RECOMMENDATION:

Move to approve Belt Harris Pechacek, LLLP as the City's auditors for the fiscal year ending September 30, 2015 and authorize the Mayor to sign the Auditor's Engagement Letter.

ATTACHMENTS:

- | | |
|----------------------|----|
| 1. Engagement Letter | 4. |
| 2. | 5. |
| 3. | 6. |

Submitted by:

Junru Roland

Department Head

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.09 10:27:49
-05'00'

Funds Available:

Junru Roland

Finance Director

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com, o=City
of Alvin, ou=Finance Department,
c=US
Date: 2015.03.09 10:28:00 -05'00'

Approved as to Form:

Bobbi J Kacz

City Attorney

Digitally signed by Bobbi J Kacz
DN: cn=Bobbi J Kacz, o=City of
Alvin, ou=Legal Department,
email=bkacz@cityofalvin.com, c=US
Date: 2015.03.10 16:53:23 -05'00'

Approved By:

Junru Roland

City Manager

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.12 08:21:11 -05'00'



February 13, 2015

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

Dear Mayor Horn:

Belt Harris Pechacek, LLLP would like to extend an offer to perform the audit for the City of Alvin for the fiscal year ended September 30, 2015. If the enclosed engagement letter meets with your approval, please sign one copy, returning it to us using the enclosed self-addressed, stamped envelope while retaining the other for your records.

We appreciate the opportunity to serve the City of Alvin and are committed to providing the highest level of service. If you have any questions or comments regarding the enclosed engagement letter, please feel free to discuss it with me at 713-263-1123.

We look forward to working with you again.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie E. Harris".

Stephanie E. Harris CPA, CGMA
Partner

Partners

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

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Engagement Letter - Single Audit

February 13, 2015

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, 2015. 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, 2015.

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. Schedule(s) of Funding Progress

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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Nathan Krupke, CPA

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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).

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.

Management Responsibilities

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. 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*. 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 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, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for (a) 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; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) 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 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, contracts, 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 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, which we have been engaged to report on, 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 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 for us 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.

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

	2015
Financial Statement Audit	\$ 35,355
Single Audit - Basic Procedures*	\$ 4,500
Single Audit - Major Program*	\$ 2,500

* A single audit is required when federal funds over \$500,000 are expended. Our fees are based on the number of major programs (programs over \$300,000). The threshold for when a single audit is required will increase from \$500,000 to \$750,000 for fiscal year 2016.

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. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

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 2012 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

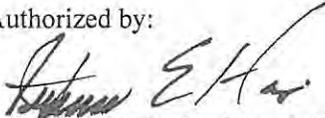
Any client certified public accountant involved with assisting us shall not be prohibited from disclosure of information required to be made available by the standards of the public accounting profession in reporting on the examination of financial statements. Management understands and provides permission 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

BUMGARDNER, MORRISON & COMPANY, L.L.P.

BMC

CERTIFIED PUBLIC ACCOUNTANTS

James B. Bumgardner, CPA
19912 21st
Dallas, Texas 75244-3000
214.421.1000

Member
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants
Member, International Board of Standards and Practices
Member, AICPA Council

Christopher J. Kelly, CPA
Brenda D. Johnson, CPA
Erin M. Moran, CPA
Paul C. Linn, CPA
Michael E. Johnson, CPA

Jack C. F. Johnson, CPA
19912 21st 21st Floor

October 31, 2012

System Review Report

To the Partners Belt Harris Pechacek, LLLP
and the Peer Review Committee of the
Texas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP (the firm) in effect for the year ended June 30, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Belt Harris Pechacek, LLLP in effect for the year ended June 30, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Belt Harris Pechacek, LLLP has received a peer review rating of *pass*.

Bumgardner, Morrison + Company, LLP



AGENDA COMMENTARY

Discussion Date: 03/19/2015

Approval Date: 04/09/2015

Submitted By: Bobbi J. Kacz

SUBJECT:

Consider Ordinance 15-K annexing a 43.24 acre tract, more or less, located along East Highway 6 in Brazoria County, Texas (Frank's Casing Alvin) into the corporate limits of the City; approving a service plan for the annexed area; making findings of fact; providing a severability clause; and providing an effective date; first reading.

DISCUSSION:

Keith Mosing of Mosing Land & Cattle Co. of Texas petitioned the City to annex this property where Frank's Casing Alvin is located for his expanded business. Public hearings regarding the annexation were held on February 19, 2015 and February 26, 2015. This ordinance will finalize the annexation upon passage of the second reading.

RECOMMENDATION:

Move to approve Ordinance 15-K.

ATTACHMENTS:

- | | |
|-------------------------------|----|
| 1. Ord. 15-K with attachments | 4. |
| 2. | 5. |
| 3. | 6. |

Submitted by:

**Bobbi J
Kacz**

Digitally signed by Bobbi J Kacz
DN: cn=Bobbi J Kacz, o=City of
Alvin, ou=Legal Department,
email=bkacz@cityofalvin.com,
c=US
Date: 2015.03.10 17:02:35
-05'00'

Department Head

Funds Available:

Finance Director

Approved as to Form:

**Bobbi J
Kacz**

Digitally signed by Bobbi J Kacz
DN: cn=Bobbi J Kacz, o=City of
Alvin, ou=Legal Department,
email=bkacz@cityofalvin.com, c=US
Date: 2015.03.10 17:02:49 -05'00'

City Attorney

Approved By:

**Junru
Roland**

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.12 08:22:34 -05'00'

City Manager

ORDINANCE NO. 15-K

AN ORDINANCE OF THE CITY OF ALVIN, TEXAS, ANNEXING A 43.24 ACRE TRACT, MORE OR LESS, INTO THE CORPORATE LIMITS OF THE CITY; APPROVING A SERVICE PLAN FOR THE ANNEXED AREA; MAKING FINDINGS OF FACT; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Alvin, Texas, (the “City”) is a home-rule municipality authorized by State law and Charter to annex territory lying adjacent and contiguous to the City;

WHEREAS, the owner of the territory, as hereinafter described, made written request for the City to annex such territory in compliance with the *Texas Local Government Code* and Section 5 of Article I of the City Charter;

WHEREAS, the territory, as hereinafter described, is adjacent to the present City limits;

WHEREAS, the City Council heard and has decided to grant said request;

WHEREAS, two separate public hearings were conducted prior to consideration of this Ordinance in accordance with §43.063 of the *Texas Local Government Code*;

WHEREAS, said hearings were conducted and held not more than forty (40) nor less than twenty (20) days prior to the institution of annexation proceedings;

WHEREAS, notice of such public hearings was published in a newspaper of general circulation within the City and the territory proposed to be annexed not more than twenty (20) nor less than ten (10) days prior to the public hearings; now, therefore,

WHEREAS, the City intends to provide services to the property to be annexed according to the Service Plan attached hereto as Exhibit “B”.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. That all of the above premises and findings of fact are found to be true and correct and are incorporated into the body of this ordinance as if copied in their entirety.

Section 2. That the following described property not previously annexed by the City, (hereinafter referred to as the “Annexed Property”), is hereby annexed into the corporate limits of the City of Alvin:

All that certain tract or parcel of land being 43.24 acres, more or less, located in the I. & G. N. R. R. Co. Survey, Section 26, Abstract 619 in Brazoria County, Texas, and being more particularly shown and described in the Exhibit “A” attached hereto and incorporated herein for all purposes.

Section 3. That the Service Plan submitted herewith is hereby approved as part of this Ordinance, made a part hereof and attached hereto as Exhibit “B”.

Section 4. That the future owners and inhabitants of the Annexed Property shall be entitled to all of the rights and privileges of the City as set forth in the Service Plan attached hereto as Exhibit “B”, and are further bound by all acts, ordinances, and all other legal action now in full force and effect and all those which may be hereafter adopted.

Section 5. That the official map and boundaries of the City, heretofore adopted and amended be and hereby are amended so as to include the Annexed Property as part of the City of Alvin.

Section 6. That the Annexed Property shall be assigned to Council District B.

Section 7. That if any provision of this Ordinance or the application of any provision to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are declared to be severable.

Section 8. That this Ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of *Tex. Loc. Gov’t Code*.

Section 9. That it is hereby officially found and determined that the meeting at which this Ordinance is 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 reading on the ____ day of _____ 2015.

PASSED and APPROVED on second and final reading on the ____ day of _____ 2015.

ATTEST:

CITY OF ALVIN, TEXAS:

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor

EXHIBIT "A"

**Petition for Annexation with
Description of Property**

FRANK'S INTERNATIONAL

10260 Westheimer, Suite 700

Houston, TX 77042

(281) 966-7300

(800) 827-6020



December 4, 2014

Via FedEx 7720 9039 6516

Michelle H. Segovia, P.E., CFM
City Engineer
City of Alvin
1100 W. Highway 6
Alvin, Texas 77511

RE: Revised Annexation Petition for Frank's Casing Alvin

Ms. Segovia,

Please see enclosed revised Annexation Petition for Frank's Casing Alvin.

Please do not hesitate to contact us should you have any questions or if any further information is needed.

Regards,

A handwritten signature in blue ink that reads "Sue Ellen Hill". The signature is written in a cursive style and is positioned above the printed name.

Sue Ellen Hill
Legal Assistant

STATE OF TEXAS

§
§
§

COUNTY OF BRAZORIA

**REQUEST & PETITION TO THE CITY COUNCIL OF THE CITY OF ALVIN
FOR ANNEXATION OF PROPERTY**

WHEREAS, the undersigned is the owner of a certain tract of property located within Brazoria County, Texas, such property more particularly described hereinafter by true and correct legal description (referred to herein as the “subject property”);

WHEREAS, the undersigned has sought the annexation of the subject property by the City of Alvin, Texas, (hereinafter sometimes referred to as “City”), in order to obtain the benefits of City services to the subject property by the City;

WHEREAS, the subject property is contiguous and adjacent to the corporate limits of the City;

WHEREAS, the City, pursuant to §43.021, *Tex. Loc. Gov’t. Code* and the request of the property owner, is authorized to annex the subject property; and,

WHEREAS, the undersigned agrees and consents to the annexation of the subject property by the City and further agrees to be bound by all acts, ordinances, and all other legal action now in force and effect within the corporate limits of the City and all those which may be hereafter adopted.

NOW THEREFORE, the undersigned by this Petition and Request:

SECTION ONE: Requests the City Council of the City to commence annexation proceedings and to annex into the corporate limits of the City of Alvin, Texas, of all portions of the subject property not previously annexed into the City and further described as follows,:

All that certain tract or parcel of land being 43.24 acres, more or less, located in the I. & G. N. R. R. Co. Survey, Section 26, Abstract 619 in Brazoria County, Texas, and being more particularly shown and described in the Exhibit “A” attached hereto and incorporated herein for all purposes.

SECTION TWO: Requests that after annexation the City provide such services as are legally permissible and provided by the City, including sanitation, water and general governmental services as set forth in the municipal services plan.

SECTION THREE: Acknowledges and represents having received, read and understood the attached “draft” Service Plan, attached hereto as Exhibit “B”, (proposed to be applicable to and adopted for the subject property) and that such “draft” Service Plan is wholly adequate and acceptable to the undersigned who hereby requests the City Council to proceed with the annexation and preparation of a final Municipal Service Plan and publish notice and hold the requisite public hearings thereon, in accordance with the applicable laws of the State of Texas.

SECTION FOUR: Acknowledges that the undersigned understands and agrees that all city services to the subject property will be provided by the City on the same terms and conditions as provided to other similarly situated areas of the City and as provided in the Municipal Service Plan.

SECTION FIVE: Agrees that a copy of this Request and Petition may be filed of record in the offices of the City of Alvin and in the real property records of Brazoria County, Texas, and shall be notice to and binding upon all persons or entities now or hereafter having any interest in the subject property.

FILED, this 2nd day of December 2014, with the City Clerk of the City of Alvin, Brazoria County, Texas.

Petitioner: Mosing Land & Cattle Co. of Texas, L.L.C.

By: *Keith Mosing*
Keith Mosing, Sole Manager

Mosing Ventures, LLC

By: *Keith Mosing*
Keith Mosing, President

STATE OF TEXAS §
 §
COUNTY OF BRAZORIA §

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Keith Mosing, Sole Manager of Mosing Land & Cattle Company of Texas, L.L.C. and President of Mosing Ventures, LLC and Owner of the subject property and Petitioner herein, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged that they had authority to bind the entity and that they executed the same for the purposes therein expressed and in the capacity therein stated.

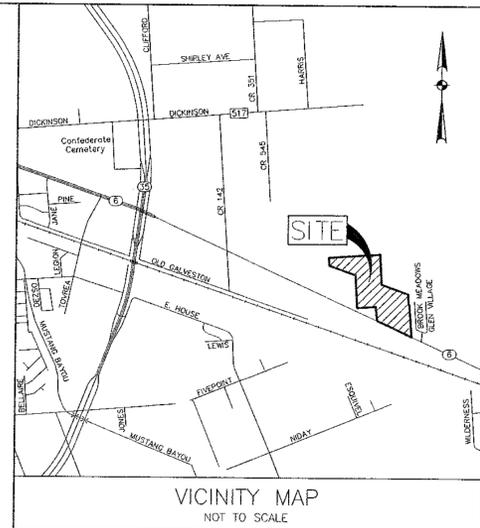
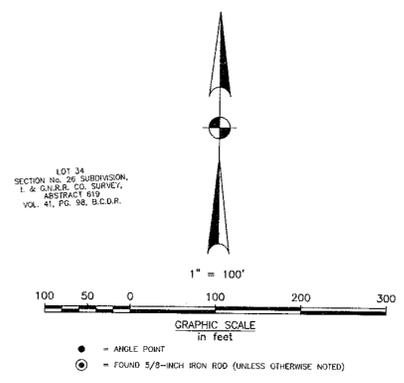
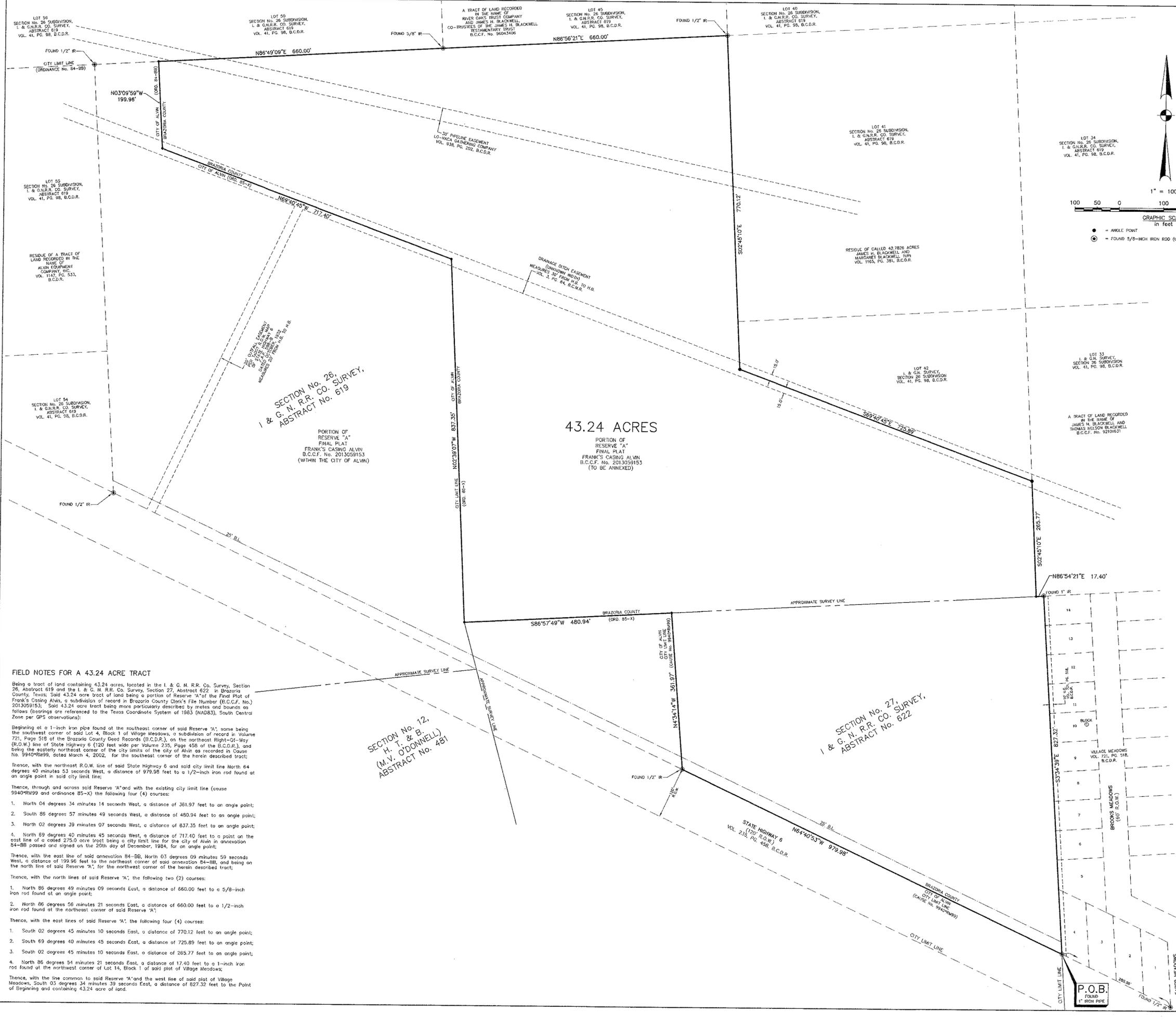
GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 2nd day of December 2014.



Stephen Clark Rogers
Notary Public - State of Texas

Exhibit “A”

DESCRIPTION OF THE SUBJECT PROPERTY



43.24 ACRES

SECTION No. 26,
I & G. N. R. R. CO. SURVEY,
ABSTRACT No. 619

PORTION OF
RESERVE "A"
FINAL PLAT
FRANK'S CASINO ALVIN
B.C.C.F. No. 2013059153
(WITHIN THE CITY OF ALVIN)

PORTION OF
RESERVE "A"
FINAL PLAT
FRANK'S CASINO ALVIN
B.C.C.F. No. 2013059153
(TO BE ANNEXED)

FIELD NOTES FOR A 43.24 ACRE TRACT

Being a tract of land containing 43.24 acres, located in the I. & G. N. R. R. Co. Survey, Section 26, Abstract 619 and the I. & G. N. R. R. Co. Survey, Section 27, Abstract 622, in Brazoria County, Texas. Said 43.24 acre tract of land being a portion of Reserve "A" of the Final Plat of Frank's Casino Alvin, a subdivision of record in Brazoria County Clerk's File Number (B.C.C.F. No.) 2013059153. Said 43.24 acre tract being more particularly described by metes and bounds as follows (bearings are referenced to the Texas Coordinate System of 1983 (NAD83), South Central Zone per GPS observations):

Beginning at a 1-inch iron pipe found at the southeast corner of said Reserve "A", same being the southwest corner of said Lot 4, Block 1 of Village Meadows, a subdivision of record in Volume 721, Page 518 of the Brazoria County Deed Records (B.C.D.R.), on the northeast Right-of-Way (R.O.W.) line of State Highway 6 (120 feet wide per Volume 235, Page 498 of the B.C.D.R.), and being the easterly northeast corner of the city limits of the city of Alvin as recorded in Cause No. 9940RM99, dated March 4, 2002, for the southeast corner of the herein described tract;

Thence, with the northeast R.O.W. line of said State Highway 6 and said city limit line North 64 degrees 40 minutes 53 seconds West, a distance of 979.98 feet to a 1/2-inch iron rod found at an angle point in said city limit line;

Thence, through and across said Reserve "A" and with the existing city limit line (cause 9840RM99 and ordinance 85-x) the following four (4) courses:

1. North 04 degrees 34 minutes 14 seconds West, a distance of 361.97 feet to an angle point;
2. South 85 degrees 57 minutes 49 seconds West, a distance of 480.94 feet to an angle point;
3. North 02 degrees 39 minutes 07 seconds West, a distance of 837.35 feet to an angle point;
4. North 69 degrees 40 minutes 45 seconds West, a distance of 717.40 feet to a point on the east line of a coiled 275.0 acre tract being a city limit line for the city of Alvin in annexation 84-88 passed and signed on the 20th day of December, 1984, for an angle point;

Thence, with the east line of said annexation 84-88, North 03 degrees 09 minutes 59 seconds West, a distance of 199.96 feet to the northeast corner of said annexation 84-88, and being on the north line of said Reserve "A", for the northeast corner of the herein described tract;

Thence, with the north lines of said Reserve "A", the following two (2) courses:

1. North 86 degrees 49 minutes 09 seconds East, a distance of 660.00 feet to a 5/8-inch iron rod found at an angle point;
2. North 86 degrees 56 minutes 21 seconds East, a distance of 660.00 feet to a 1/2-inch iron rod found at the northeast corner of said Reserve "A";

Thence, with the east lines of said Reserve "A", the following four (4) courses:

1. South 02 degrees 45 minutes 10 seconds East, a distance of 770.12 feet to an angle point;
2. South 69 degrees 40 minutes 45 seconds East, a distance of 725.89 feet to an angle point;
3. South 02 degrees 45 minutes 10 seconds East, a distance of 265.77 feet to an angle point;
4. North 86 degrees 54 minutes 21 seconds East, a distance of 17.40 feet to a 1-inch iron rod found at the northwest corner of Lot 14, Block 1 of said plot of Village Meadows;

Thence, with the line common to said Reserve "A" and the west line of said plot of Village Meadows, South 03 degrees 34 minutes 39 seconds East, a distance of 627.32 feet to the Point of Beginning and containing 43.24 acre of land.

SECTION No. 12,
H. T. & B.
(M.V. O'DONWELL)
ABSTRACT No. 481

SECTION No. 27,
I & G. N. R. R. CO. SURVEY,
ABSTRACT No. 622

- NOTES:
1. THIS DOCUMENT WAS PREPARED UNDER 221A0663.21, DOES NOT REFLECT THE RESULTS OF AN ON THE GROUND SURVEY, AND IS NOT TO BE USED TO CONVEY OR ESTABLISH INTERESTS IN REAL PROPERTY EXCEPT THOSE RIGHTS AND INTERESTS IMPLIED OR ESTABLISHED BY THE CREATION OR RECONFIGURATION OF THE BOUNDARY OF THE POLITICAL SUBDIVISION FOR WHICH IT WAS PREPARED.
 2. BEARINGS SHOWN HEREON ARE BASED ON THE TEXAS COORDINATE SYSTEM OF 1983 (NAD83), SOUTH CENTRAL ZONE, PER GPS OBSERVATIONS.
 3. POB INDICATES POINT OF BEGINNING
B.C.C.F. No. INDICATES FORT BEND COUNTY CLERK'S FILE NUMBER
B.C.D.R. INDICATES FORT BEND COUNTY DEED RECORDS
B.C.P.R. INDICATES FORT BEND COUNTY PLAT RECORDS
B.C.M.U.D. INDICATES FORT BEND COUNTY MUNICIPAL UTILITIES DISTRICT
 4. A METES AND BOUNDS DESCRIPTION OF THE SUBJECT TRACTS HAS BEEN PREPARED BY MILLER SURVEY GROUP AND ACCOMPANIES THIS EXHIBIT.

DATED THIS THE 27TH DAY OF FEBRUARY, 2014

Brian E. Wilson
BRIAN E. WILSON
REGISTERED PROFESSIONAL LAND SURVEYOR
TEXAS REGISTRATION No. 5745



REVISED: 2/27/2014 - REVISED BOUNDARY

**CITY OF ALVIN
ANNEXATION EXHIBIT
43.24 ACRES**

LOCATED IN
SECTION No. 26, I & G.N.R.R. CO. SURVEY,
ABSTRACT No. 619
BRAZORIA COUNTY, TEXAS.

MILLER SURVEY GROUP
www.millersurvey.com
1760 WEST SAM HOUSTON PARKWAY NORTH • HOUSTON, TEXAS 77043
PHONE 713-413-1900 • FAX 713-413-1944
TEXAS FIRM REGISTRATION NO. 10047100

JOB NO.: 2463-ANNEX-REV1	SCALE: 1" = 100'	DATE: 12/19/2013	FIELD BOOK: N/A
DWG. NO.: 2463-ANNEX-REV1.DWG	DRAWN BY: BJN	CHECKED BY: BEW	MSB No.: 131446

County: Brazoria
Project: Frank's Casing Annexation
M.S.G. No.: 131446-R
Job Number: 2463-Annex

FIELD NOTES FOR A 43.24 ACRE TRACT

Being a tract of land containing 43.24 acres, located in the I. & G. N. R.R. Co. Survey, Section 26, Abstract 619 and the I. & G. N. R.R. Co. Survey, Section 27, Abstract 622 in Brazoria County, Texas; Said 43.24 acre tract of land being a portion of Reserve "A" of the Final Plat of Frank's Casing Alvin, a subdivision of record in Brazoria County Clerk's File Number (B.C.C.F. No.) 2013059153; Said 43.24 acre tract being more particularly described by metes and bounds as follows (bearings are referenced to the Texas Coordinate System of 1983 (NAD83), South Central Zone per GPS observations):

Beginning at a 1-inch iron pipe found at the southeast corner of said Reserve "A", same being the southwest corner of said Lot 4, Block 1 of Village Meadows, a subdivision of record in Volume 721, Page 518 of the Brazoria County Deed Records (B.C.D.R.), on the northeast Right-Of-Way (R.O.W.) line of State Highway 6 (120 feet wide per Volume 235, Page 458 of the B.C.D.R.), and being the easterly northeast corner of the city limits of the city of Alvin as recorded in Cause No. 9940*RM99, dated March 4, 2002, for the southeast corner of the herein described tract;

Thence, with the northeast R.O.W. line of said State Highway 6 and said city limit line North 64 degrees 40 minutes 53 seconds West, a distance of 979.98 feet to a 1/2-inch iron rod found at an angle point in said city limit line;

Thence, through and across said Reserve "A" and with the existing city limit line (cause 9940*RM99 and ordinance 85-X) the following four (4) courses:

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4. North 69 degrees 40 minutes 45 seconds West, a distance of 717.40 feet to a point on the east line of a called 275.0 acre tract being a city limit line for the city of Alvin in annexation 84-BB passed and signed on the 20th day of December, 1984, for an angle point;

Thence, with the east line of said annexation 84-BB, North 03 degrees 09 minutes 59 seconds West, a distance of 199.96 feet to the northeast corner of said annexation 84-BB, and being on the north line of said Reserve "A", for the northwest corner of the herein described tract;

Thence, with the north lines of said Reserve "A", the following two (2) courses:

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2. North 86 degrees 56 minutes 21 seconds East, a distance of 660.00 feet to a 1/2-inch iron rod found at the northeast corner of said Reserve "A";

Thence, with the east lines of said Reserve "A", the following four (4) courses:

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3. South 02 degrees 45 minutes 10 seconds East, a distance of 265.77 feet to an angle point;
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Thence, with the line common to said Reserve "A" and the west line of said plat of Village Meadows, South 03 degrees 34 minutes 39 seconds East, a distance of 827.32 feet to the **Point of Beginning** and containing 43.24 acre of land.

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared.



Brian E. Wilson, R.P.L.S.
Texas Registration No. 5745



MILLER SURVEY GROUP
Ph: (713) 413-1900
February 27, 2014
M&B No. 131446-R
Tx Reg. No. 10047100

Exhibit “B”

MUNICIPAL SERVICES PLAN FOR PROPERTY TO BE ANNEXED INTO THE CITY OF ALVIN

WHEREAS, the City of Alvin, Texas (the “City”) intends to institute annexation proceedings for a tract of land described more fully hereinafter (referred to herein as the “subject property”);

WHEREAS, *Section 43.056, Loc. Gov't. Code*, requires a service plan be adopted with the annexation ordinance;

WHEREAS, the subject property is not included in the municipal annexation plan and is exempt from the requirements thereof;

WHEREAS, infrastructure provided for herein and that existing are sufficient to service the subject property on the same terms and conditions as other similarly situated properties currently within the City limits and no capital improvements are required to offer municipal services on the same terms and conditions as other similarly situated properties within the City; and

WHEREAS, it is found that all statutory requirements have been satisfied and the City is authorized by *Chapt. 43, Loc. Gov't. Code*, to annex the subject property into the City;

NOW, THEREFORE, the following services will be provided for the subject property on the effective date of annexation:

(1) **General Municipal Services.** Pursuant to the requests of the owner and this Plan, the following services shall be provided immediately from the effective date of the annexation:

A. Police protection as follows:

Routine patrols of areas, radio response to calls for police service and all other police services now being offered to the citizens of the City.

B. Fire protection and Emergency Medical Services as follows:

Fire protection by agreement between the City and the ESD present personnel and equipment of the ESD fire fighting force and the volunteer fire fighting force with the limitations of water available. Radio response for Emergency Medical Services with the present contract personnel and equipment of the ESD and the volunteer fire department.

C. Solid waste collection services as follows:

Solid waste collection and services as now being offered to the citizens of the City.

D. Animal control as follows:

Service by present personnel, equipment and facilities or by contract with a third party, as provided within the City.

E. Maintenance of parks and playgrounds within the City.

F. Inspection services in conjunction with building permits and routine City code enforcement services by present personnel, equipment and facilities.

G. Maintenance of other City facilities, buildings and service.

H. Land use regulation as follows:

On the effective date of annexation, the regulatory jurisdiction of the City shall be extended to include the annexed area, and all property therein shall be subject to the City's police power regulations as set forth in state law and duly adopted ordinances.

(2) **Scheduled Municipal Services.** Due to the size and vacancy of the subject property, the plans and schedule for the development of the subject property, the following municipal services will be provided on a schedule and at increasing levels of service as provided in this Plan:

A. Water service and maintenance of water facilities as follows:

(i) Inspection of water distribution lines as provided by statutes of the State of Texas.

(ii) In accordance with the applicable rules and regulations for the provision of water service, water service will be provided to the subjects property, or applicable portions thereof, by the utility holding a water certificate of convenience and necessity ("CCN") for the subject property, or portions thereof as applicable, or absent a water CCN, by the utility in whose jurisdiction the subject property, or portions thereof as applicable, are located, in accordance with all the ordinances, regulations, and policies of the City in effect from time to time for the extension of water service. If connected to the City's water utility system, the subject property's owner shall construct the internal water lines and pay the costs of line extension and construction of such facilities necessary to provide water service to the subject property as required in City ordinances. Upon acceptance of the water lines within the subject property and any off-site improvements, water service will be provided by the City utility department on the same terms, conditions and requirements as are applied to all similarly situated areas and customers of the City; subject to all the ordinances, regulations and policies of the City in effect from time to time. The system will be accepted and maintained by the City in accordance with its usual acceptance and maintenance policies. New water line extensions will be installed and extended upon request under the same costs and terms as with other similarly situated customers of the City. The ordinances of the City in effect at the time a request for service is submitted shall govern the costs and request for service. The continued use of a water well that is in use on the effective date of the

annexation and is in compliance with applicable rules and regulations shall be permitted and such use may continue until the subject property's owner requests and is able to connect to the City's water utility system.

B. Wastewater service and maintenance of wastewater service as follows:

(i) Inspection of sewer lines as provided by statutes of the State of Texas.

(ii) In accordance with the applicable rules and regulations for the provision of wastewater service, wastewater service will be provided to the subject property, or applicable portions thereof, by the utility holding a wastewater CCN for the subject property, or portions thereof as applicable, or absent a wastewater CCN, by the utility in whose jurisdiction the subject property, or portions thereof as applicable, are located, in accordance with all the ordinances, regulations, and policies of the City in effect from time to time for the extension of wastewater service. If connected to the City's wastewater utility system, the subject property's owner shall construct the internal wastewater lines and pay the costs of line extension and construction of facilities necessary to provide wastewater service to the subject property as required in City ordinances. Upon acceptance of the wastewater lines within the subject property and any off-site improvements, wastewater service will be provided by the City utility department on the same terms, conditions and requirements as are applied to all similarly situated areas and customers of the City, subject to all the ordinances, regulations and policies of the City in effect from time to time. The wastewater system will be accepted and maintained by the City in accordance with its usual policies. Requests for new wastewater line extensions will be installed and extended upon request under the same costs and terms as with other similarly situated customers of the City. The ordinances in effect at the time a request for service is submitted shall govern the costs and request for service. The continued use of a septic system that is in use on the effective date of the annexation and is in compliance with all applicable rules and regulations shall be permitted and such use may continue until the subject property owner requests and is able to connect to the City's wastewater utility system.

C. Maintenance of streets and rights-of-way as appropriate as follows:

(i) Provide maintenance services on existing public streets within the subject property and other streets that are hereafter constructed and finally accepted by the City. The maintenance of the streets and roads will be limited as follows:

(A) Emergency maintenance of streets, repair of hazardous potholes, measures necessary for traffic flow, etc.; and

(B) Routine maintenance as presently performed by the City.

(ii) The City will maintain existing public streets within the subject property, and following installation and acceptance of new roadways by the City as provided by city ordinance, including any required traffic signals, traffic signs, street markings, other

traffic control devices and street lighting, the City will maintain such newly constructed public streets, roadways and rights-of-way within the boundaries of the subject property, as follows:

- (A) As provided in C(i)(A)&(B) above;
- (B) Reconstruction and resurfacing of streets, installation of drainage facilities, construction of curbs, gutters and other such major improvements as the need therefore is determined by the governing body under City policies;
- (C) Installation and maintenance of traffic signals, traffic signs, street markings and other traffic control devices as the need therefore is established by appropriate study and traffic standards; and
- (D) Installation and maintenance of street lighting in accordance with established policies of the City;

(iii) The outer boundaries of the subject property abut existing roadways. The property owner agrees that no improvements are required on such roadways to service the property.

(3) **Capital Improvements.** Construction of the following capital improvements shall be initiated after the effective date of the annexation: None. Upon development of the subject property or redevelopment, the landowner will be responsible for the development costs the same as a developer in a similarly situated area under the ordinances in effect at the time of development or redevelopment. No additional capital improvements are necessary at this time to service the subject property the same as similarly situated properties.

(4) **Term.** If not previously expired, this service plan expires at the end of ten (10) years.

(5) **Property Description.** The legal description of the subject property is as set forth in exhibits attached to the Annexation Ordinance to which this Service Plan is attached.

EXHIBIT “B”

Municipal Service Plan

Exhibit “B”

MUNICIPAL SERVICES PLAN FOR PROPERTY TO BE ANNEXED INTO THE CITY OF ALVIN

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On the effective date of annexation, the regulatory jurisdiction of the City shall be extended to include the annexed area, and all property therein shall be subject to the City's police power regulations as set forth in state law and duly adopted ordinances.

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(i) Inspection of sewer lines as provided by statutes of the State of Texas.

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(B) Routine maintenance as presently performed by the City.

(ii) The City will maintain existing public streets within the subject property, and following installation and acceptance of new roadways by the City as provided by city ordinance, including any required traffic signals, traffic signs, street markings, other

traffic control devices and street lighting, the City will maintain such newly constructed public streets, roadways and rights-of-way within the boundaries of the subject property, as follows:

- (A) As provided in C(i)(A)&(B) above;
- (B) Reconstruction and resurfacing of streets, installation of drainage facilities, construction of curbs, gutters and other such major improvements as the need therefore is determined by the governing body under City policies;
- (C) Installation and maintenance of traffic signals, traffic signs, street markings and other traffic control devices as the need therefore is established by appropriate study and traffic standards; and
- (D) Installation and maintenance of street lighting in accordance with established policies of the City;

(iii) The outer boundaries of the subject property abut existing roadways. The property owner agrees that no improvements are required on such roadways to service the property.

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(4) **Term.** If not previously expired, this service plan expires at the end of ten (10) years.

(5) **Property Description.** The legal description of the subject property is as set forth in exhibits attached to the Annexation Ordinance to which this Service Plan is attached.



AGENDA COMMENTARY

Discussion Date:

Approval Date: 03/19/2014

Submitted By: Junru Roland

SUBJECT:

Consider Resolution 15-R-09 in opposition of Senate Bill (SB) number 182, House Bill (HB) number 365, Senate Bill (SB) number 156, Senate Joint Resolution number (SJR) 14, House Bill (HB) number 957, House Joint Resolution (HJR) number 71, and any other legislation of the 84th Texas legislature, regular session, that would limit the ability of the City of Alvin, to provide services to its residents and businesses.

DISCUSSION:

SB 182 and its companion bill, HB 365, lowers the property tax rollback rate for a city from 8% to 4%, with the exception for a city located in an area declared a disaster area by the governor or the President of the United States, during the current tax year, and provide that a city must hold a ratification election to adopt a tax rate that exceeds the 4% rollback rate. SB 156 reduces the property tax appraisal cap on homesteads from 10% to 5%; authorizes a county commissioners court to call an election to increase the homestead appraisal cap for all taxing jurisdictions in the county back to a percentage between 6 and 10; and prohibits a subsequent election from occurring for that purpose for 10 years after such an election is held --thereby ignoring market conditions and limiting the homestead appraisal cap for an extended period of time. SJR Bill Number 14 and HJR 71 provides the state authority to effectuate SB 156 and HB 957 respectively. HB 957 reduces the property tax appraisal cap on residence homesteads from 10 % to 5%.

RECOMMENDATION:

Move to approve Resolution 15-R-09 in opposition of Senate Bill (SB) number 182, House Bill (HB) number 365, Senate Bill (SB) number 156, Senate Joint Resolution number (SJR) 14, House Bill (HB) number 957, House Joint Resolution (HJR) number 71, and any other legislation of the 84th Texas legislature, regular session, that would limit the ability of the City of Alvin, to provide services to its residents and businesses.

ATTACHMENTS:

- | | |
|-----------------------------------|----|
| 1. Resolution 15-R-09 | 4. |
| 2. Bills | 5. |
| 3. TML Summary of Senate Bill 182 | 6. |

Submitted by:

Junru
Roland

Department Head

Digitally signed by Junru Roland
DN: cn=Junru Roland,
email=jroland@cityofalvin.com,
o=City of Alvin, ou=Finance
Department, c=US
Date: 2015.03.10 08:17:17
-05'00'

Funds Available:

Finance Director

Approved as to Form:

Bobbi J
Kacz

City Attorney

Digitally signed by Bobbi J Kacz
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Approved By:

Junru
Roland

City Manager

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RESOLUTION 15-R-09

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS, OPPOSING SENATE BILL NUMBER 182, HOUSE BILL NUMBER 365, SENATE BILL NUMBER 156, SENATE JOINT RESOLUTION NUMBER 14, HOUSE BILL NUMBER 957, HOUSE JOINT RESOLUTION NUMBER 71, AND ANY OTHER LEGISLATION OF THE 84TH TEXAS LEGISLATURE, REGULAR SESSION, THAT WOULD LIMIT THE ABILITY OF THE CITY OF ALVIN TO PROVIDE SERVICES TO ITS RESIDENTS AND BUSINESSES.

WHEREAS, the City Council of the City of Alvin, Texas, is extremely interested in issues pertaining to the provision of services to its existing residents and businesses and in issues pertaining to the growth and development of the City of Alvin, Texas; and

WHEREAS, The City Council of the City of Alvin opposes legislation that would change the current property and sales and use tax policies and other income producing policies in a manner that would cause the City to lose revenue or the ability to raise revenue; and

WHEREAS, Senate Bill Number 182 and its companion bill, House Bill Number 365, lower the property tax rollback rate for a city from eight percent (8%) to four percent (4%), with an exception for a city located in an area declared a disaster area by the Governor or the President of the United States, during the current tax year, and provide that a city must hold a ratification election to adopt a tax rate that exceeds the four-percent (4%) rollback rate; and

WHEREAS, Senate Bill Number 156 reduces the property tax appraisal cap on homesteads from ten percent (10%) to five percent (5%); authorizes a County Commissioners' Court to call an election to increase the homestead appraisal cap for all taxing jurisdictions in the county back to a percentage between six (6) and ten (10); and prohibits a subsequent election from occurring for that purpose for ten (10) years after such an election is held, thereby ignoring market conditions and limiting the homestead appraisal cap for an extended period of time; and

WHEREAS, Senate Joint Resolution Bill Number 14 provides the Texas Legislature with state constitutional authority to effectuate Senate Bill Number 156; and

WHEREAS, House Bill Number 957 reduces the property tax appraisal cap on residence homesteads from ten percent (10%) to five percent (5%); and

WHEREAS, House Joint Resolution Bill Number 71 provides the Texas Legislature with state constitutional authority to effectuate House Bill Number 957; and

WHEREAS, Senate Bill Number 182, House Bill Number 365, Senate Bill Number 156, Senate Joint Resolution Bill Number 14, House Bill Number 957, and House Joint Resolution Number 71 fail to consider local needs and market conditions and have the potential to negatively impact the residents and businesses of the City of Alvin by restricting the ability of the City of Alvin to fund services; and

WHEREAS, it is the opinion of the City Council of the City of Alvin that Senate Bill Number 182, House Bill Number 365, Senate Bill Number 156, Senate Joint Resolution Bill Number 14, House Bill Number 957, and House Joint Resolution Number 71 would adversely impact existing residents and businesses and the growth and development of the City of Alvin, Texas; and

WHEREAS, the City Council of the City of Alvin urges the 84th Texas Legislature to oppose Senate Bill Number 182, House Bill Number 365, Senate Bill Number 156, Senate Joint Resolution Bill Number 14, House Bill Number 957, and House Joint Resolution Number 71, and any other legislation that would limit the ability of the City of Alvin to provide services to its residents and businesses; **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALVIN, TEXAS:

Section 1. That the facts and recitals set forth in the preamble of this Resolution are hereby found to be true and correct and are in all things incorporated herein and made a part hereof.

Section 2. That the City Council of the City of Alvin, Texas, hereby urges the 84th Texas Legislature to oppose Senate Bill Number 182, House Bill Number 365, Senate Bill Number 156, Senate Joint Resolution Bill Number 14, House Bill Number 957, House Joint Resolution Number 71 and any other legislation that would limit the ability of the City of Alvin to provide services to its residents and businesses.

Section 3. That the City Clerk is hereby authorized to forward a copy of this Resolution to the City of Alvin’s state representatives.

Section 4. That this resolution shall take effect immediately upon passage.

PASSED AND APPROVED this _____ day of _____, 2015.

ATTEST:

CITY OF ALVIN, TEXAS

By: _____
Dixie Roberts, City Clerk

By: _____
Paul A. Horn, Mayor

By: Bettencourt

S.B. No. 182

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the calculation of the ad valorem rollback tax rates of
3 certain taxing units.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 26.04, Tax Code, is amended by amending
6 Subsection (c) and adding Subsections (c-1) and (c-2) to read as
7 follows:

8 (c) An officer or employee designated by the governing body
9 shall calculate the effective tax rate and the rollback tax rate for
10 the unit, where:

11 (1) "Effective tax rate" means a rate expressed in
12 dollars per \$100 of taxable value calculated according to the
13 following formula:

14 EFFECTIVE TAX RATE = (LAST YEAR'S LEVY - LOST PROPERTY
15 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)
16 ; and

17 (2) "Rollback tax rate" means a rate expressed in
18 dollars per \$100 of taxable value calculated according to the
19 following formula:

20 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
21 OPERATIONS RATE x 1.04 [~~1.00~~]) + CURRENT DEBT RATE

22 (c-1) Notwithstanding any other provision of this section,
23 the designated officer or employee may substitute "1.08" for "1.04"
24 in the calculation of the rollback tax rate if:

1 (1) any part of the taxing unit is located in an area
2 declared a disaster area by the governor or the president of the
3 United States during the current tax year.

4 SECTION 2. Section 26.041, Tax Code, is amended by amending
5 Subsections (a), (b), and (c) and adding Subsections (c-1) and
6 (c-2) to read as follows:

7 (a) In the first year in which an additional sales and use
8 tax is required to be collected, the effective tax rate and rollback
9 tax rate for the unit are calculated according to the following
10 formulas:

11 EFFECTIVE TAX RATE = $\frac{[(\text{LAST YEAR'S LEVY} - \text{LOST PROPERTY}$
12 LEVY) / (\text{CURRENT TOTAL VALUE} - \text{NEW PROPERTY VALUE})] -
13 SALES TAX GAIN RATE

14 and

15 ROLLBACK TAX RATE = (EFFECTIVE MAINTENANCE AND
16 OPERATIONS RATE x 1.04 [~~1.08~~]) + CURRENT DEBT RATE -
17 SALES TAX GAIN RATE

18 where "sales tax gain rate" means a number expressed in dollars per
19 \$100 of taxable value, calculated by dividing the revenue that will
20 be generated by the additional sales and use tax in the following
21 year as calculated under Subsection (d) [~~of this section~~] by the
22 current total value.

23 (b) Except as provided by Subsections (a) and (c) [~~of this~~
24 ~~section~~], in a year in which a taxing unit imposes an additional
25 sales and use tax the rollback tax rate for the unit is calculated
26 according to the following formula, regardless of whether the unit
27 levied a property tax in the preceding year:

1 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 2 OPERATIONS EXPENSE x 1.04 [~~1.08~~]) / (~~[TOTAL]~~ CURRENT
 3 TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT
 4 RATE - SALES TAX REVENUE RATE)

5 where "last year's maintenance and operations expense" means the
 6 amount spent for maintenance and operations from property tax and
 7 additional sales and use tax revenues in the preceding year, and
 8 "sales tax revenue rate" means a number expressed in dollars per
 9 \$100 of taxable value, calculated by dividing the revenue that will
 10 be generated by the additional sales and use tax in the current year
 11 as calculated under Subsection (d) [~~of this section~~] by the current
 12 total value.

13 (c) In a year in which a taxing unit that has been imposing
 14 an additional sales and use tax ceases to impose an additional sales
 15 and use tax the effective tax rate and rollback tax rate for the
 16 unit are calculated according to the following formulas:

17 EFFECTIVE TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY
 18 LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] +
 19 SALES TAX LOSS RATE

20 and

21 ROLLBACK TAX RATE = [(LAST YEAR'S MAINTENANCE AND
 22 OPERATIONS EXPENSE x 1.04 [~~1.08~~]) / (~~[TOTAL]~~ CURRENT
 23 TOTAL VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

24 where "sales tax loss rate" means a number expressed in dollars per
 25 \$100 of taxable value, calculated by dividing the amount of sales
 26 and use tax revenue generated in the last four quarters for which
 27 the information is available by the current total value and "last

1 year's maintenance and operations expense" means the amount spent
2 for maintenance and operations from property tax and additional
3 sales and use tax revenues in the preceding year.

4 (c-1) Notwithstanding any other provision of this section,
5 the designated officer or employee may substitute "1.08" for "1.04"
6 in the calculation of the rollback tax rate if:

7 (1) any part of the taxing unit is located in an area
8 declared a disaster area by the governor or the president of the
9 United States during the current tax year.

10 SECTION 3. Section 26.08, Tax Code, is amended by amending
11 Subsections (a), (b), (d), (d-1) and (d-2) to read as follows:

12 Sec. 26.08. ELECTION TO RATIFY [~~SCHOOL~~] TAXES. (a) If the
13 governing body of a taxing unit [~~school district~~] adopts a tax rate
14 that exceeds the taxing unit's [~~district's~~] rollback tax rate, the
15 registered voters of the taxing unit [~~district~~] at an election held
16 for that purpose must determine whether to approve the adopted tax
17 rate. When increased expenditure of money by a taxing unit [~~school~~
18 ~~district~~] is necessary to respond to a disaster, including a
19 tornado, hurricane, flood, or other calamity, but not including a
20 drought, that has impacted a taxing unit [~~school district~~] and the
21 governor has requested federal disaster assistance for the area in
22 which the taxing unit [~~school district~~] is located, an election is
23 not required under this section to approve the tax rate adopted by
24 the governing body for the year following the year in which the
25 disaster occurs.

26 (b) The governing body shall order that the election be held
27 in the taxing unit [~~school district~~] on a date not less than 30 or

1 more than 90 days after the day on which it adopted the tax rate.
2 Section 41.001, Election Code, does not apply to the election
3 unless a date specified by that section falls within the time
4 permitted by this section. At the election, the ballots shall be
5 prepared to permit voting for or against the proposition:
6 "Approving the ad valorem tax rate of \$_____ per \$100 valuation in
7 (name of taxing unit [~~school district~~]) for the current year, a rate
8 that is \$_____ higher per \$100 valuation than the school district
9 rollback tax rate." The ballot proposition must include the
10 adopted tax rate and the difference between that rate and the
11 rollback tax rate in the appropriate places.

12 (d) If the proposition is not approved as provided by
13 Subsection (c), the governing body may not adopt a tax rate for the
14 taxing unit [~~school district~~] for the current year that exceeds the
15 taxing unit's [~~school district's~~] rollback tax rate.

16 (d-1) If, after tax bills for the taxing unit [~~school~~
17 ~~district~~] have been mailed, a proposition to approve the taxing
18 unit's [~~school district's~~] adopted tax rate is not approved by the
19 voters of the taxing unit [~~district~~] at an election held under this
20 section, on subsequent adoption of a new tax rate by the governing
21 body of the taxing unit [~~district~~], the assessor for the taxing unit
22 [~~school~~] shall prepare and mail corrected tax bills. The assessor
23 shall include with each bill a brief explanation of the reason for
24 and effect of the corrected bill. The date on which the taxes
25 become delinquent for the year is extended by a number of days equal
26 to the number of days between the date the first tax bills were sent
27 and the date the corrected tax bills were sent.

1 (d-2) If a property owner pays taxes calculated using the
2 originally adopted tax rate of the taxing unit [~~school district~~]
3 and the proposition to approve the adopted tax rate is not approved
4 by voters, the taxing unit [~~school district~~] shall refund the
5 difference between the amount of taxes paid and the amount due under
6 the subsequently adopted rate if the difference between the amount
7 of taxes paid and the amount due under the subsequent rate is \$1 or
8 more. If the difference between the amount of taxes paid and the
9 amount due under the subsequent rate is less than \$1, the taxing
10 unit [~~school district~~] shall refund the difference on request of
11 the taxpayer. An application for a refund of less than \$1 must be
12 made within 90 days after the date the refund becomes due or the
13 taxpayer forfeits the right to the refund.

14 SECTION 4. Section 49.236, Water Code, as added by Chapters
15 248 (H.B. 1541) and 335 (S.B. 392), Acts of the 78th Legislature,
16 Regular Session, 2003, is reenacted and amended to read as follows:

17 Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board
18 adopts an ad valorem tax rate for the district for debt service,
19 operation and maintenance purposes, or contract purposes, the board
20 shall give notice of each meeting of the board at which the adoption
21 of a tax rate will be considered. The notice must:

22 (1) contain a statement in substantially the following
23 form:

24 "NOTICE OF PUBLIC HEARING ON TAX RATE
25 "The (name of the district) will hold a public hearing on a
26 proposed tax rate for the tax year (year of tax levy) on (date and
27 time) at (meeting place). Your individual taxes may increase or

1 decrease, depending on the change in the taxable value of your
2 property in relation to the change in taxable value of all other
3 property and the tax rate that is adopted.

4 "(Names of all board members and, if a vote was taken, an
5 indication of how each voted on the proposed tax rate and an
6 indication of any absences.)";

7 (2) contain the following information:

8 (A) the district's total adopted tax rate for the
9 preceding year and the proposed tax rate, expressed as an amount per
10 \$100;

11 (B) the difference, expressed as an amount per
12 \$100 and as a percent increase or decrease, as applicable, in the
13 proposed tax rate compared to the adopted tax rate for the preceding
14 year;

15 (C) the average appraised value of a residence
16 homestead in the district in the preceding year and in the current
17 year; the district's total homestead exemption, other than an
18 exemption available only to disabled persons or persons 65 years of
19 age or older, applicable to that appraised value in each of those
20 years; and the average taxable value of a residence homestead in the
21 district in each of those years, disregarding any homestead
22 exemption available only to disabled persons or persons 65 years of
23 age or older;

24 (D) the amount of tax that would have been
25 imposed by the district in the preceding year on a residence
26 homestead appraised at the average appraised value of a residence
27 homestead in that year, disregarding any homestead exemption

1 available only to disabled persons or persons 65 years of age or
2 older;

3 (E) the amount of tax that would be imposed by the
4 district in the current year on a residence homestead appraised at
5 the average appraised value of a residence homestead in that year,
6 disregarding any homestead exemption available only to disabled
7 persons or persons 65 years of age or older, if the proposed tax
8 rate is adopted; and

9 (F) the difference between the amounts of tax
10 calculated under Paragraphs (D) and (E), expressed in dollars and
11 cents and described as the annual percentage increase or decrease,
12 as applicable, in the tax to be imposed by the district on the
13 average residence homestead in the district in the current year if
14 the proposed tax rate is adopted; and

15 (3) contain a statement in substantially the following
16 form:

17 "NOTICE OF TAXPAYERS' RIGHT TO ROLLBACK ELECTION

18 "If taxes on the average residence homestead increase by more
19 than four [~~eight~~] percent, the qualified voters of the district by
20 petition may require that an election be held to determine whether
21 to reduce the operation and maintenance tax rate to the rollback tax
22 rate under Section 49.236(d), Water Code."

23 (b) Notice of the hearing shall be:

24 (1) published at least once in a newspaper having
25 general circulation in the district at least seven days before the
26 date of the hearing; or

27 (2) mailed to each owner of taxable property in the

1 district, at the address for notice shown on the most recently
2 certified tax roll of the district, at least 10 days before the date
3 of the hearing.

4 (c) The notice provided under this section may not be
5 smaller than one-quarter page of a standard-size or tabloid-size
6 newspaper of general circulation, and the headline on the notice
7 must be in 18-point or larger type.

8 (d) If the governing body of a district adopts a combined
9 debt service, operation and maintenance, and contract tax rate that
10 would impose more than 1.04 [~~1.08~~] times the amount of tax imposed
11 by the district in the preceding year on a residence homestead
12 appraised at the average appraised value of a residence homestead
13 in the district in that year, disregarding any homestead exemption
14 available only to disabled persons or persons 65 years of age or
15 older, the qualified voters of the district by petition may require
16 that an election be held to determine whether [~~or not~~] to reduce the
17 tax rate adopted for the current year to the rollback tax rate in
18 accordance with the procedures provided by Sections 26.07(b)-(g)
19 and 26.081, Tax Code. For purposes of Sections 26.07(b)-(g) and
20 this subsection, the rollback tax rate is the current year's debt
21 service and contract tax rates plus the operation and maintenance
22 tax rate that would impose 1.04 [~~1.08~~] times the amount of the
23 operation and maintenance tax imposed by the district in the
24 preceding year on a residence homestead appraised at the average
25 appraised value of a residence homestead in the district in that
26 year, disregarding any homestead exemption available only to
27 disabled persons or persons 65 years of age or older.

1 (e) Notwithstanding any other provision of this section,
2 the board may substitute "eight percent" for "four percent" in
3 Subsection (a) and "1.08" for "1.04" in Subsection (d) if:

4 (1) any part of the district is located in an area
5 declared a disaster area by the governor or the president of the
6 United States during the current tax year.

7 SECTION 5. Section 26.07, Tax Code is repealed.

8 SECTION 6. (a) The change in law made by this Act applies
9 to the ad valorem tax rate of a taxing unit beginning with the 2015
10 tax year, except as provided by Subsection (b) of this section.

11 (b) If the governing body of a taxing unit adopted an ad
12 valorem tax rate for the taxing unit for the 2015 tax year before
13 the effective date of this Act, the change in law made by this Act
14 applies to the ad valorem tax rate of that taxing unit beginning
15 with the 2016 tax year, and the law in effect when the tax rate was
16 adopted applies to the 2015 tax year with respect to that taxing
17 unit.

18 SECTION 7. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect on the 91st day after the last day of the
23 legislative session.

By: Nichols

S.B. No. 156

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the limitation on increases in the appraised value of a
3 residence homestead for ad valorem taxation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 23.23, Tax Code, is amended by amending
6 Subsection (a) and adding Subsection (h) to read as follows:

7 (a) Except as provided by Subsection (h), notwithstanding
8 ~~[Notwithstanding]~~ the requirements of Section 25.18, and
9 regardless of whether the appraisal office has appraised the
10 property and determined the market value of the property for the tax
11 year, an appraisal office may increase the appraised value of a
12 residence homestead for a tax year to an amount not to exceed the
13 lesser of:

14 (1) the market value of the property for the most
15 recent tax year that the market value was determined by the
16 appraisal office; or

17 (2) the sum of:

18 (A) five ~~[10]~~ percent of the appraised value of
19 the property for the preceding tax year;

20 (B) the appraised value of the property for the
21 preceding tax year; and

22 (C) the market value of all new improvements to
23 the property.

24 (h) The commissioners court of a county may call an election

1 in the county to permit the voters of the county to determine
2 whether a percentage limitation on maximum appraised value
3 determined in the manner provided by Subsection (a)(2) using a
4 percentage that is greater than the percentage specified by
5 Subsection (a)(2)(A) but not more than 10 percent will apply to the
6 taxation of a residence homestead in the county by each taxing unit
7 having territory in the county. The election shall be held on the
8 date of the next general election for state and county officers.
9 The ballot proposition shall specify the proposed percentage
10 limitation on maximum appraised value. If a majority of the votes
11 cast at the election do not favor the establishment of the proposed
12 limitation, a subsequent election under this subsection may not be
13 held before the 10th year after the year in which the election is
14 held. If a majority of the votes cast at the election favor the
15 establishment of the proposed limitation, the limitation applies
16 beginning with the tax year following the year in which the election
17 is held and remains in effect until amended or repealed by the
18 voters of the county at a subsequent election called by the
19 commissioners court. An election to amend or repeal the limitation
20 may not be held before the 10th year after the year in which the
21 proposition establishing the limitation was approved by the voters.
22 If the voters of a county amend or repeal a limitation, the
23 amendment or repeal applies beginning with the tax year after the
24 year in which the election is held.

25 SECTION 2. Section 42.26(d), Tax Code, is amended to read as
26 follows:

27 (d) For purposes of this section, the value of the property

1 subject to the suit and the value of a comparable property or sample
2 property that is used for comparison must be the market value
3 determined by the appraisal district when the property is a
4 residence homestead subject to a [~~the~~] limitation on appraised
5 value imposed by or established under Section 23.23.

6 SECTION 3. This Act applies only to the appraisal of a
7 residence homestead for ad valorem tax purposes for a tax year that
8 begins on or after January 1, 2016.

9 SECTION 4. This Act takes effect January 1, 2016, but only
10 if the constitutional amendment proposed by the 84th Legislature,
11 Regular Session, 2015, to authorize the legislature to limit the
12 maximum appraised value of a residence homestead for ad valorem tax
13 purposes to 105 percent or less of the appraised value of the
14 property for the preceding tax year and to permit the voters of a
15 county to establish a higher limitation not to exceed 110 percent on
16 the maximum appraised value of a residence homestead in the county
17 is approved by the voters. If that amendment is not approved by the
18 voters, this Act has no effect.

By: Nichols

S.J.R. No. 14

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the legislature
2 to limit the maximum appraised value of a residence homestead for ad
3 valorem tax purposes to 105 percent or less of the appraised value
4 of the property for the preceding tax year and to permit the voters
5 of a county to establish a higher limitation not to exceed 110
6 percent on the maximum appraised value of a residence homestead in
7 the county.

8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 SECTION 1. Section 1, Article VIII, Texas Constitution, is
10 amended by amending Subsection (i) and adding Subsections (i-1) and
11 (i-2) to read as follows:

12 (i) Notwithstanding Subsections (a) and (b) of this
13 section, the Legislature by general law may limit the maximum
14 appraised value of a residence homestead for ad valorem tax
15 purposes in a tax year to the lesser of the most recent market value
16 of the residence homestead as determined by the appraisal entity or
17 105 [~~110~~] percent, or a lesser [~~greater~~] percentage but not less
18 than 100 percent, of the appraised value of the residence homestead
19 for the preceding tax year. A limitation on appraised values
20 authorized by this subsection:

21 (1) takes effect as to a residence homestead on the
22 later of the effective date of the law imposing the limitation or
23 January 1 of the tax year following the first tax year the owner
24 qualifies the property for an exemption under Section 1-b of this

1 article; and

2 (2) expires on January 1 of the first tax year that
3 neither the owner of the property when the limitation took effect
4 nor the owner's spouse or surviving spouse qualifies for an
5 exemption under Section 1-b of this article.

6 (i-1) Notwithstanding Subsections (a) and (b) of this
7 section, if the Legislature establishes a limitation on the maximum
8 appraised value of a residence homestead as authorized by
9 Subsection (i) of this section, the commissioners court of a county
10 may call an election in the county to permit the voters to determine
11 by majority vote whether to establish for purposes of ad valorem
12 taxation by each political subdivision in the county a percentage
13 limitation on the maximum appraised value of a residence homestead
14 in the county that is greater than the percentage established by the
15 Legislature under Subsection (i) of this section but not more than
16 110 percent. The ballot proposition shall specify the proposed
17 percentage limitation on maximum appraised value. If approved by
18 the voters, the limitation applies beginning with the tax year
19 following the year in which the election is held. A limitation on
20 maximum appraised value established under this subsection takes
21 effect as to a residence homestead on the later of January 1 of the
22 tax year following the year in which the election is held or January
23 1 of the tax year following the first tax year the owner qualifies
24 the property for an exemption under Section 1-b of this article. As
25 to a residence homestead, the limitation expires on January 1 of the
26 first tax year that neither the owner of the property when the
27 limitation took effect nor the owner's spouse or surviving spouse

1 qualifies for an exemption under Section 1-b of this article. If
2 the voters of a county establish a limitation on maximum appraised
3 value under this subsection, the limitation remains in effect until
4 the tax year following a year in which the limitation is amended or
5 repealed by the voters of the county at a subsequent election called
6 by the commissioners court. The Legislature by general law may
7 limit the frequency with which elections authorized by this
8 subsection may be called in a county.

9 (i-2) The Legislature by general law may provide that a
10 limitation on the maximum appraised value of a residence homestead
11 established under Subsection (i) or (i-1) of this section does not
12 apply to a new improvement to the residence homestead.

13 SECTION 2. This proposed constitutional amendment shall be
14 submitted to the voters at an election to be held November 3, 2015.
15 The ballot shall be printed to permit voting for or against the
16 proposition: "The constitutional amendment to authorize the
17 legislature to limit the maximum appraised value of a residence
18 homestead for ad valorem tax purposes to 105 percent or less of the
19 appraised value of the property for the preceding tax year and to
20 permit the voters of a county to establish a higher limitation not
21 to exceed 110 percent on the maximum appraised value of a residence
22 homestead in the county."

By: Bohac

H.B. No. 957

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the limitation on increases in the appraised value of a
3 residence homestead for ad valorem taxation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 23.23(a), Tax Code, is amended to read as
6 follows:

7 (a) Notwithstanding the requirements of Section 25.18 and
8 regardless of whether the appraisal office has appraised the
9 property and determined the market value of the property for the tax
10 year, an appraisal office may increase the appraised value of a
11 residence homestead for a tax year to an amount not to exceed the
12 lesser of:

13 (1) the market value of the property for the most
14 recent tax year that the market value was determined by the
15 appraisal office; or

16 (2) the sum of:

17 (A) five [~~10~~] percent of the appraised value of
18 the property for the preceding tax year;

19 (B) the appraised value of the property for the
20 preceding tax year; and

21 (C) the market value of all new improvements to
22 the property.

23 SECTION 2. This Act applies only to the appraisal for ad
24 valorem taxation of residence homesteads for a tax year that begins

1 on or after the effective date of this Act.

2 SECTION 3. This Act takes effect January 1, 2016, but only
3 if the constitutional amendment proposed by the 84th Legislature,
4 Regular Session, 2015, to authorize the legislature to set a lower
5 limit on the maximum appraised value of a residence homestead for ad
6 valorem taxation is approved by the voters. If that amendment is
7 not approved by the voters, this Act has no effect.

By: Bohac

H.J.R. No. 71

A JOINT RESOLUTION

1 proposing a constitutional amendment to authorize the legislature
2 to set a lower limit on the maximum appraised value of a residence
3 homestead for ad valorem taxation.

4 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 1(i), Article VIII, Texas Constitution,
6 is amended to read as follows:

7 (i) Notwithstanding Subsections (a) and (b) of this
8 section, the Legislature by general law may limit the maximum
9 appraised value of a residence homestead for ad valorem tax
10 purposes in a tax year to the lesser of the most recent market value
11 of the residence homestead as determined by the appraisal entity or
12 105 [~~110~~] percent, or a greater percentage, of the appraised value
13 of the residence homestead for the preceding tax year. A limitation
14 on appraised values authorized by this subsection:

15 (1) takes effect as to a residence homestead on the
16 later of the effective date of the law imposing the limitation or
17 January 1 of the tax year following the first tax year the owner
18 qualifies the property for an exemption under Section 1-b of this
19 article; and

20 (2) expires on January 1 of the first tax year that
21 neither the owner of the property when the limitation took effect
22 nor the owner's spouse or surviving spouse qualifies for an
23 exemption under Section 1-b of this article.

24 SECTION 2. This proposed constitutional amendment shall be

H.J.R. No. 71

1 submitted to the voters at an election to be held November 3, 2015.
2 The ballot shall be printed to permit voting for or against the
3 proposition: "The constitutional amendment to authorize the
4 legislature to set a lower limit on the maximum appraised value of a
5 residence homestead for ad valorem taxation."



AGENDA COMMENTARY

Discussion Date: 03/19/2015

Approval Date:

Submitted By: J. Roland

SUBJECT:

Receive and acknowledge the monthly financial report for February, 2015.

DISCUSSION:

RECOMMENDATION:

Move to acknowledge the monthly financial report for February, 2015.

ATTACHMENTS:

- | | |
|---------------------|----|
| 1. Financial Report | 4. |
| 2. | 5. |
| 3. | 6. |

Submitted by:

Junru
Roland

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Department Head

Funds Available:

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Finance Director

Approved as to Form:

Bobbi J
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City Attorney

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City Manager