



# City of Alvin, Texas

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## Comprehensive Annual Financial Report

*Fiscal Year Ended 9/30/2015*

***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

of the

**CITY OF ALVIN, TEXAS**

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

**Official Issuing Report:**

**Junru Roland  
Chief Financial Officer**

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# CITY OF ALVIN, TEXAS

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***INTRODUCTORY SECTION***





## CITY OF ALVIN

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

February 4, 2016

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

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

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

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

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

## **PROFILE OF THE GOVERNMENT**

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

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

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

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

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

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

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

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

### **MAJOR INITIATIVES**

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

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

### **RELEVANT FINANCIAL POLICIES**

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

### **AWARDS AND ACKNOWLEDGEMENTS**

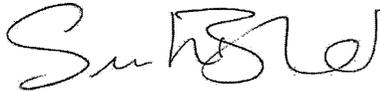
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2014. This was the thirtieth consecutive year that the government has received this prestigious award.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

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

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

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

Respectfully submitted,

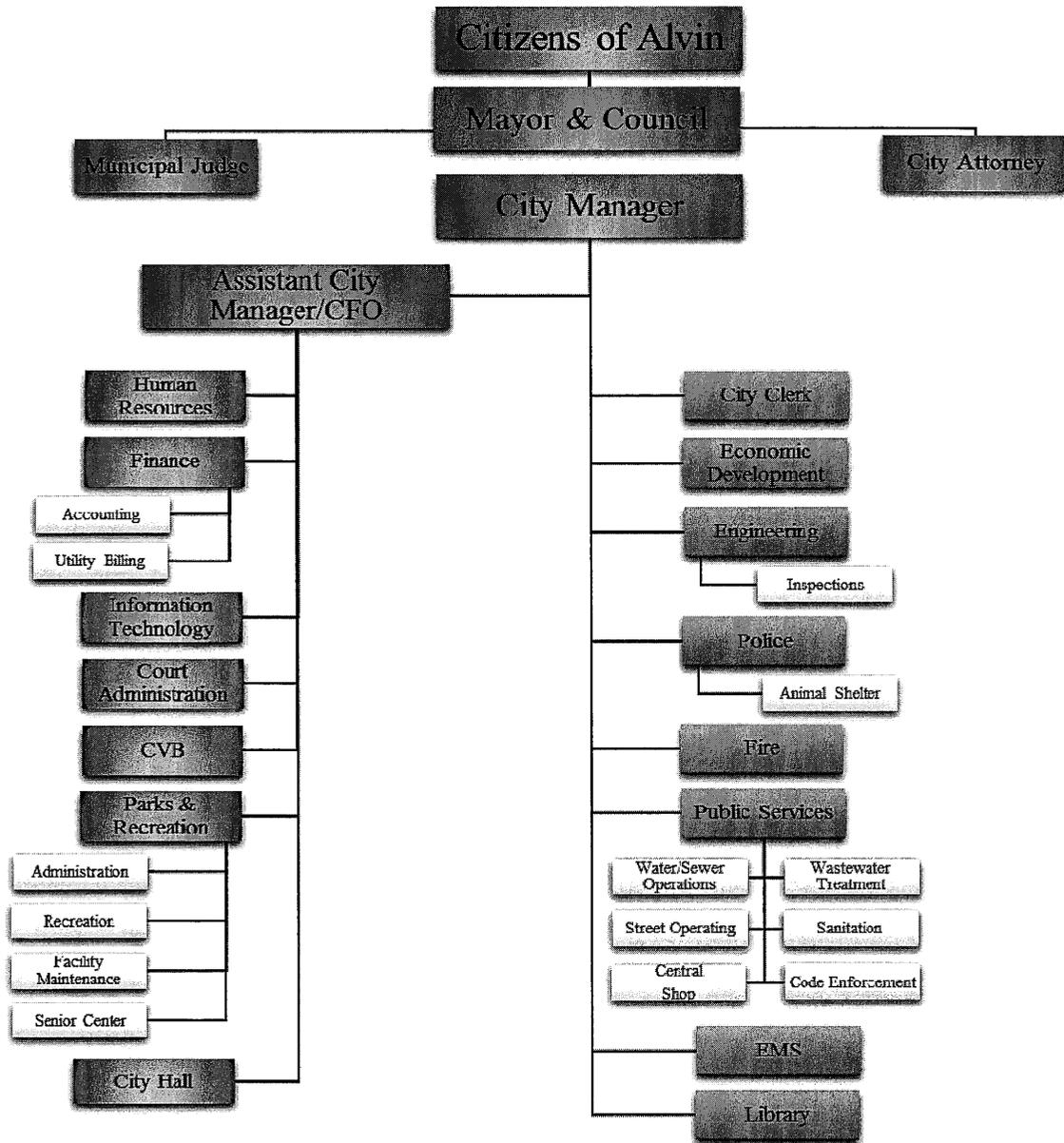
A handwritten signature in black ink, appearing to read "Sereniah Breland". The signature is written in a cursive, flowing style.

Sereniah Breland  
City Manager

# CITY OF ALVIN, TEXAS

## ORGANIZATIONAL CHART

September 30, 2015



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



Government Finance Officers Association

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

Presented to

**City of Alvin  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

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

Executive Director/CEO

# CITY OF ALVIN, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2015

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

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



***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

---

#### **Partners**

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## **Opinions**

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

## **Emphasis of Matter**

### *Change in Accounting Principle*

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, other statements, and statistical section, as noted on the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

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

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

**Other Reporting Required by *Government Auditing Standards***

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

*BELT HARRIS PECHACEK, LLLP*

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



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





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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

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

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

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

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

**Proprietary Funds**

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

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

**Notes to Financial Statements**

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

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

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

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

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

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

**Statement of Activities:**

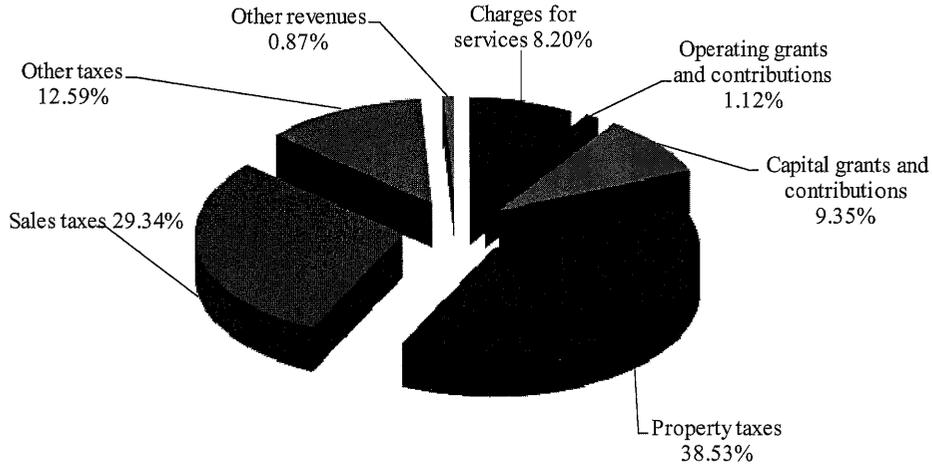
The following table provides a summary of the City's changes in net position:

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

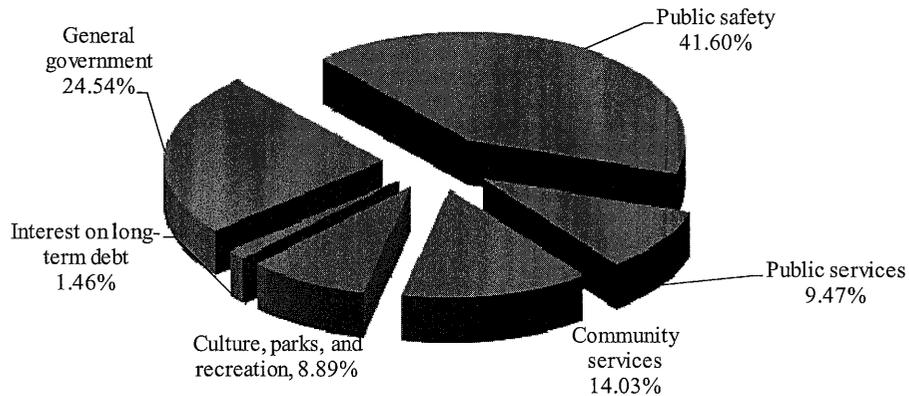
**CITY OF ALVIN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2015

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

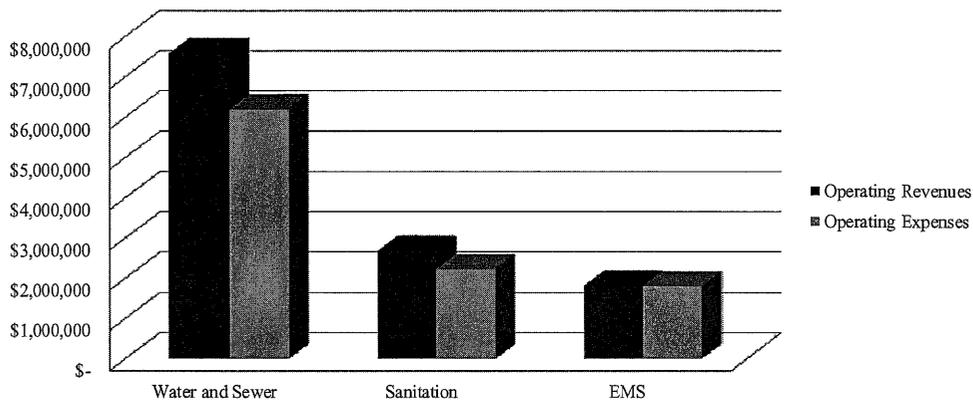
**Governmental Revenues**



**Governmental Expenses**



**Business-Type Activities**



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

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

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

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

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

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

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

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

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

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

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

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

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

**CAPITAL ASSETS**

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

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

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

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

**LONG-TERM DEBT**

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

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

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

Current underlying ratings on debt issues are as follows:

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



***BASIC FINANCIAL STATEMENTS***

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# CITY OF ALVIN, TEXAS

## STATEMENT OF NET POSITION

September 30, 2015

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

See Notes to Financial Statements.

# CITY OF ALVIN, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

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

**General Revenues:**

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

Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

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

# CITY OF ALVIN, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2015

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

See Notes to Financial Statements.

**Total**

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

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

368,832

321  
47,070

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

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

\$ 16,606,472

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

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

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

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

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

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

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

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

368,832

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

3,523,383

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

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

<b>Net Position of Governmental Activities</b>	<b>\$ <u>37,957,149</u></b>
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See Notes to Financial Statements.

# CITY OF ALVIN, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

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

See Notes to Financial Statements.

**Total**

\$	8,492,843
	6,457,416
	1,783,552
	986,245
	935,003
	523,172
	345,672
	1,640,576
	28,679
	112,319
	<hr/>
	21,305,477
	<hr/>

4,009,902
7,615,492
880,375
2,583,511
1,432,949
2,784,274

1,228,378
285,047

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20,819,928

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485,549

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1,556,512
(674,507)

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882,005

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1,367,554

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13,316,658

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\$ 14,684,212

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

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

Net changes in fund balances - total governmental funds \$ 1,367,554

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	710,665
Depreciation expense	(1,952,467)

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	1,192,824
Amortization of deferred amounts	454
Compensated absences	(79,756)
Capital lease activity	35,554
Deferred outflows - pensions	346,604
Deferred inflows - pensions	(441,458)
Net pension liability	373,133
Accrued interest	9,383

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	616,656
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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.	694,287
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,873,433</b>
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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, 2015

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

**Governmental  
Activities**

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**Internal  
Service**

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\$ 2,269,425

-

16,670

93

35,594

-

-

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2,321,782

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-

7,754

-

-

3,646,979

-

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(2,239,659)

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1,415,074

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1,415,074

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3,736,856

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35,127

-

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35,127

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

September 30, 2015

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

See Notes to Financial Statements.

**Governmental  
Activities**

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**Internal  
Service**

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\$ 41,579

-

-

7,990

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-

49,569

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-

-

887

188,727

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189,614

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239,183

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9,417

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1,415,074

2,108,309

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\$ 3,523,383

**CITY OF ALVIN, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended September 30, 2015

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<b><u>Operating Revenues</u></b>				
Water service	\$ 3,465,496	\$ -	\$ -	\$ 3,465,496
Sewer service	3,640,730	-	-	3,640,730
Sanitation service	-	2,693,327	-	2,693,327
Emergency medical service	-	-	1,620,013	1,620,013
Charges for services	-	-	-	-
Other revenue	494,466	942	211,741	707,149
<b>Total Operating Revenues</b>	<b>7,600,692</b>	<b>2,694,269</b>	<b>1,831,754</b>	<b>12,126,715</b>
<b><u>Operating Expenses</u></b>				
Water service	2,642,300	-	-	2,642,300
Sewer service	2,116,624	-	-	2,116,624
Sanitation service	-	2,195,179	-	2,195,179
Emergency medical service	-	-	1,785,032	1,785,032
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,465,889	55,784	36,492	1,558,165
<b>Total Operating Expenses</b>	<b>6,224,813</b>	<b>2,250,963</b>	<b>1,821,524</b>	<b>10,297,300</b>
<b>Operating Income</b>	<b>1,375,879</b>	<b>443,306</b>	<b>10,230</b>	<b>1,829,415</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Intergovernmental	-	-	294,123	294,123
Gain on sale of capital assets	-	-	-	-
Investment revenue	19,987	2,279	1,490	23,756
Interest and fiscal agent fees	(715,133)	(3,185)	(4,449)	(722,767)
Insurance proceeds	-	-	12,441	12,441
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(695,146)</b>	<b>(906)</b>	<b>303,605</b>	<b>(392,447)</b>
<b>Income Before Contributions and Transfers</b>	<b>680,733</b>	<b>442,400</b>	<b>313,835</b>	<b>1,436,968</b>
Capital contribution	3,517,191	-	-	3,517,191
Transfers in	76,625	-	-	76,625
Transfers (out)	(691,626)	(209,279)	(57,725)	(958,630)
<b>Total Contributions and Transfers</b>	<b>2,902,190</b>	<b>(209,279)</b>	<b>(57,725)</b>	<b>2,635,186</b>
<b>Change in Net Position</b>	<b>3,582,923</b>	<b>233,121</b>	<b>256,110</b>	<b>4,072,154</b>
Beginning net position	19,494,580	2,764,379	1,655,680	23,914,639
<b>Ending Net Position</b>	<b>\$ 23,077,503</b>	<b>\$ 2,997,500</b>	<b>\$ 1,911,790</b>	<b>\$ 27,986,793</b>

See Notes to Financial Statements.

**Governmental  
Activities**

**Internal  
Service**

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

1,946,435

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

1,302,570

643,865

-  
48,415  
2,007  
-  
-

50,422

694,287

-  
-  
-  
-

694,287

2,829,096

\$ 3,523,383

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2015

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

See Notes to Financial Statements.

**Governmental  
Activities**

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**Internal  
Service**

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

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859,541  

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-

-

17,559

205

-

-

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17,764  

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(419,996)

48,415

-

-

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(371,581)  

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-

1,802  

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1,802  

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507,526

1,761,899  

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\$ 2,269,425  

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\$ 2,269,425

-

\$ 2,269,425  

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# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2015

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

See Notes to Financial Statements.

**Governmental  
Activities**

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**Internal  
Service**

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\$ 643,865

217,719

-  
(10,274)  
(3,565)

9,241

-  
(1,212)

-  
9,417  
(5,650)

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\$ 859,541

\$ -

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

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

**Blended Component Units**

**Tax Increment Reinvestment Zone Number One**

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

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

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

**Tax Increment Reinvestment Zone Number Two**

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

**Tax Increment Reinvestment Zone Number Three**

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

**Kendall Lakes TIRZ Redevelopment Authority**

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

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

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

**B. Government-Wide Financial Statements**

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

**C. Basis of Presentation - Government-Wide Financial Statements**

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

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

**D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following governmental funds:

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

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

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

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

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

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

The City reports the following enterprise funds:

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

Additionally, the City reports the following fund type:

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

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

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

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

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

**E. Measurement Focus and Basis of Accounting**

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**1. Cash and Cash Equivalents**

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

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

**2. Investments**

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

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

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

**3. Inventories and Prepaid Items**

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

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

**4. Capital Assets**

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

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

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

**5. Deferred Outflows/Inflows of Resources**

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

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

**6. Compensated Employee Absences**

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

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

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

**7. Long-Term Obligations**

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

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

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

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

**8. Net Position Flow Assumption**

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

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

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

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

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

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

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

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

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

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

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

**11. Estimates**

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

**12. Pensions**

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

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

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

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

**A. Expenditures in Excess of Appropriations**

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

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

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

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

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

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

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

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

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

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

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

**TexPool**

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

**TexSTAR**

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

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

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

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

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

**Proprietary Funds**

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

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

**C. Capital Assets**

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

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

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

Depreciation was charged to governmental functions as follows:

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

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

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Asphalt Pavement Project	\$ 1,648,653	\$ 93,540	\$ 1,555,113
Quiet Zone (engineering)	70,285	17,049	53,236
<b>Total</b>	<u><u>\$ 1,718,938</u></u>	<u><u>\$ 110,589</u></u>	<u><u>\$ 1,608,349</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	\$ 117,165
Sales tax capital projects fund	1,738,816
Internal service fund	29,696
Nonmajor governmental funds	<u>5,700</u>
<b>Total</b>	<u><u>\$ 1,891,377</u></u>

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

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

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

Depreciation was charged to business-type functions as follows:

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

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

Commitments

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

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

Encumbrances

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

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

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

**D. Long-Term Debt**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax and Revenue Certificates Obligation

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

Federal Arbitrage

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

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

**E. Interfund Transactions**

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

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

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

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

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

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

**F. Fund Equity**

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

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

**G. Restatement of Net Position**

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

Beginning net position was restated as follows:

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

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

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**B. Contingent Liabilities**

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

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

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

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

**C. Pension Plans**

**1. Texas Municipal Retirement System**

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

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

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

Contributions

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

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

Net Pension Liability

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

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

Discount Rate

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

Changes in the Net Pension Liability

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

Sensitivity of the NPL to Changes in the Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

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

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

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

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

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

**2. Texas Emergency Services Retirement System**

Plan Description

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

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

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

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

Funding Policy

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

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

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

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

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

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

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

Contributions

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

Actuarial Assumptions

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

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

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

80%/120% corridor on market value

Actuarial Assumptions:

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

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

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

Discount Rate

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

Discount Rate Sensitivity Analysis

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**D. Other Post Employment Benefits**

**TMRS Supplemental Death Benefit Fund**

Plan Description

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

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

Contributions

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

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

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

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

**E. Deferred Compensation Plan**

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

**F. Chapter 380 Economic Development Agreement**

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

**G. Industrial District Agreement**

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

***REQUIRED SUPPLEMENTARY INFORMATION***



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

For the Year Ended September 30, 2015

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

Notes to Required Supplementary Information:

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

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

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

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

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

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

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

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

**Notes to Required Supplementary Information:**

Defined Benefit Pension Plan

*Changes in benefit terms*

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

*Changes in assumptions*

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

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

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

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

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

**Notes to Required Supplementary Information:**

**1. Valuation Date:**

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

**2. Methods and Assumptions Used to Determine Contribution Rates:**

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

**3. Other Information:**

There were no benefit changes during the year.

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

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

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

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

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***COMBINING STATEMENTS  
AND SCHEDULES***

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

For the Year Ended September 30, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 1,446,109	\$ 1,446,109	\$ 1,438,414	\$ (7,695)
Investment revenue	-	-	34	34
<b>Total Revenues</b>	<u>1,446,109</u>	<u>1,446,109</u>	<u>1,438,448</u>	<u>(7,661)</u>
<b><u>Expenditures</u></b>				
Debt service:				
Principal	1,175,603	1,175,603	1,175,603	-
Interest and fiscal agent fees	270,006	270,006	267,406	2,600
<b>Total Expenditures</b>	<u>1,445,609</u>	<u>1,445,609</u>	<u>1,443,009</u>	<u>2,600</u>
<b>Net Change in Fund Balance</b>	<u>\$ 500</u>	<u>\$ 500</u>	(4,561)	<u>\$ (5,061)</u>
Beginning fund balance			<u>79,394</u>	
<b>Ending Fund Balance</b>			<u>\$ 74,833</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, 2015

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

**Special Revenue Funds**

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

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

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

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

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

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

**Special Revenue Funds**

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

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

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

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

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

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

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

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

For the Year Ended September 30, 2015

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

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

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

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

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

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

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

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

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

Beginning fund balance

Comcast PEG Fees

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

TIRZ No. 1

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

TIRZ No. 3

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

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

For the Year Ended September 30, 2015

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

Notes to Supplementary Information:

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

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

**PERMANENT FUNDS**

For the Year Ended September 30, 2015

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

# **CITY OF ALVIN, TEXAS**

## ***INTERNAL SERVICE FUNDS***

September 30, 2015

### **Central Shop Fund**

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

### **Vehicle Replacement Fund**

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

### **IT Maintenance Fund**

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

### **Computer Replacement Fund**

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

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

September 30, 2015

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

**Internal  
Service Funds  
Total**

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

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

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

35,127

41,579  
7,990  
49,569

887  
188,727  
189,614  
239,183

9,417

1,415,074  
2,108,309

\$ 3,523,383

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

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

**Internal  
Service Funds  
Total**

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

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

643,865

48,415  
2,007  
50,422

694,287  
2,829,096

\$ 3,523,383

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

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

**Internal  
Service Funds  
Total**

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

17,559  
205

17,764

(419,996)  
48,415

(371,581)

1,802  
1,802

507,526

1,761,899

\$ 2,269,425

\$ 643,865

217,719

(10,274)  
(3,565)

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

\$ 859,541

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***OTHER  
STATEMENTS***

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

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

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2015

	General	Fire Capital	Total General Fund
<b>Revenues</b>			
Property taxes	\$ 6,904,625	\$ -	\$ 6,904,625
Sales taxes	2,152,900	-	2,152,900
Franchise fees and taxes	1,397,593	-	1,397,593
Other taxes	986,245	-	986,245
Licenses and permits	935,003	-	935,003
Fines and forfeitures	499,965	-	499,965
Charges for services	245,332	48,790	294,122
Intergovernmental	161,174	-	161,174
Investment revenue	7,526	-	7,526
<b>Total Revenues</b>	<b>13,290,363</b>	<b>48,790</b>	<b>13,339,153</b>
<b>Expenditures</b>			
<b>Current:</b>			
General government	3,940,333	-	3,940,333
Public safety	7,516,098	-	7,516,098
Public services	880,375	-	880,375
Community services	115,346	-	115,346
Culture, parks, and recreation	1,414,449	-	1,414,449
<b>Capital outlay</b>	142,851	-	142,851
<b>Debt service</b>			
Principal	11,403	24,152	35,555
Interest	1,597	13,606	15,203
<b>Total Expenditures</b>	<b>14,022,452</b>	<b>37,758</b>	<b>14,060,210</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(732,089)</b>	<b>11,032</b>	<b>(721,057)</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,347,100	-	1,347,100
Transfers out	(65,378)	-	(65,378)
<b>Total Other Financing Sources</b>	<b>1,281,722</b>	<b>-</b>	<b>1,281,722</b>
<b>Net Change in Fund Balances</b>	<b>549,633</b>	<b>11,032</b>	<b>560,665</b>
Beginning fund balances	5,355,486	126,773	5,482,259
<b>Ending Fund Balances</b>	<b>\$ 5,905,119</b>	<b>\$ 137,805</b>	<b>\$ 6,042,924</b>

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

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

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

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

<u>Liabilities and Net Position</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>2005 Rev. &amp; Refunding Bonds</u>	<u>2006B Certificates of Obligation</u>
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 152,371	\$ -	\$ -
Accrued interest payable	-	240,011	-	-
Bonds payable - current	-	1,702,438	-	-
Compensated absences	-	43,871	-	-
<b>Current Liabilities From Restricted Assets</b>				
Customer deposits	-	1,116,610	-	-
<b>Total Current Liabilities</b>	<u>-</u>	<u>3,255,301</u>	<u>-</u>	<u>-</u>
<b>Noncurrent liabilities</b>				
Bonds payable, net of deferred charges	-	22,359,684	-	-
Compensated absences	-	4,875	-	-
Net pension obligation	-	1,026,401	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>23,390,960</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>-</u>	<u>26,646,261</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of Resources</b>				
Deferred inflows - pensions	-	49,408	-	-
<b>Net Position</b>				
Net investment in capital assets	-	8,208,588	-	4,523,618
Unrestricted net position	2,486,173	(3,192,784)	-	86,886
<b>Total Net Position</b>	<u>\$ 2,486,173</u>	<u>\$ 5,015,804</u>	<u>\$ -</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>2015</u> <u>Certificates of</u> <u>Obligation</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ -	\$ -	\$ 240,775	\$ 393,146
-	-	-	240,011
-	-	-	1,702,438
-	-	-	43,871
-	-	-	<u>1,116,610</u>
-	-	<u>240,775</u>	<u>3,496,076</u>
-	-	-	22,359,684
-	-	-	4,875
-	-	-	<u>1,026,401</u>
-	-	-	<u>23,390,960</u>
-	-	<u>240,775</u>	<u>26,887,036</u>
-	-	-	<u>49,408</u>
1,914,057	-	85,000	14,731,263
<u>47,302</u>	-	<u>8,918,663</u>	<u>8,346,240</u>
<u>\$ 1,961,359</u>	<u>\$ -</u>	<u>\$ 9,003,663</u>	<u>\$ 23,077,503</u>

# CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2015

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

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

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

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

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

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

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

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

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## ***STATISTICAL SECTION***

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

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

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

# CITY OF ALVIN, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

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

**Fiscal Year**

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

# CITY OF ALVIN, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

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

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

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

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

**Fiscal Year**

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

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

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

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

**CITY OF ALVIN, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Years  
(Modified Accrual Basis of Accounting)

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

**Fiscal Year**

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

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

Last Ten Years  
(Modified Accrual Basis of Accounting)

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

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

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

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

Source: Brazoria County - Tax Office Collections

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

**Fiscal Year**

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

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

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

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

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

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



**CITY OF ALVIN, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
 Current Year and Nine Years Ago

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

Source: Brazoria County - Tax Office Collections

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

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

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

# CITY OF ALVIN, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

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

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

**Fiscal Year**

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

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

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

Note:

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

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

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

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

Source: Brazoria County

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

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**CITY OF ALVIN, TEXAS**  
**LEGAL DEBT MARGIN INFORMATION**

September 30, 2015

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

**Last Ten Fiscal Years**

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

# CITY OF ALVIN, TEXAS

## PLEDGED-REVENUE COVERAGE

Last Ten Years

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

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

**Fiscal Year**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 6,309,789	\$ 6,776,431	\$ 6,539,555	\$ 7,009,368	\$ 7,124,351	\$ 7,642,799
<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>4,758,924</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>	<u>\$ 2,883,875</u>
\$ 600,000	\$ 600,000	\$ 620,000	\$ 20,000	\$ -	\$ -
425,106	407,106	388,256	204,338	-	-
<u>\$ 1,025,106</u>	<u>\$ 1,007,106</u>	<u>\$ 1,008,256</u>	<u>\$ 224,338</u>	<u>\$ -</u>	<u>\$ -</u>
2.73	3.59	3.31	15.70	-	-

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

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

Data sources:

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

# CITY OF ALVIN, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,781	1	46.87%	1,834	1	38.77%
DISH Network	750	2	12.64%	-	-	-
Ascend Performance Materials	620	3	10.45%	-	-	-
INEOS Olfens & Polymers USA	455	4	7.67%	514	2	10.86%
Alvin Community COLlege	300	5	5.06%	429	5	9.07%
Ron Carter Automotive Center	260	6	4.38%	-	-	0.00%
Rice-Tec	252	7	4.25%	500	3	10.57%
Team Industrial Services	230	8	3.88%	149	9	3.15%
City of Alvin	215	9	3.62%	65	10	1.37%
Diversified Ceramics	70	10	1.18%	165	8	3.49%
Solutia	-	-	-	465	4	9.83%
Ron Carter Automotive Center	-	-	-	310	6	6.55%
Equistar Chocolate Bayou Complex	-	-	-	300	7	6.34%
<b>Total</b>	<u>5,933</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>General Fund:</u></b>										
Administration	5.5	7.0	6.0	2.0	2.0	2.0	4.0	3.0	2.0	3.0
Legal	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Municipal	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0
City Secretary	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	7.0	7.0	7.0	9.0	9.0	8.0	6.0	7.0	7.0	7.0
Public Safety										
Police	70.0	74.0	76.0	72.0	72.0	75.0	76.0	74.0	73.0	72.0
Fire	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Fire Marshal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Humane	2.0	2.0	2.0	2.0	2.0	2.0	2.0	4.0	4.0	6.0
Culture and Recreation										
Parks	9.5	10.5	10.0	10.0	9.0	9.0	11.0	10.0	10.0	9.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Senior Center							1.0	1.0	1.0	1.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0
CYB	-	-	-	-	1.0	1.0	1.0	2.0	2.0	1.0
Public Works										
Street	16.0	17.0	19.0	20.0	20.0	20.0	22.0	25.0	25.0	25.0
Engineering										
Engineering	9.0	9.0	9.0	4.0	-	-	-	9.0	7.0	7.0
Planning	-	-	-	4.0	-	-	-	-	-	-
CIP	-	-	-	4.0	4.0	-	-	-	-	-
Community Development										
Inspections	4.0	4.0	4.0	5.0	4.0	5.0	9.0	4.0	4.0	4.0
Code Enforcement	-	-	-	4.0	4.0	4.0	4.0	-	4.0	4.0
<b>General Fund Total</b>	<b>138.0</b>	<b>145.5</b>	<b>148.0</b>	<b>152.0</b>	<b>143.0</b>	<b>142.0</b>	<b>152.0</b>	<b>154.0</b>	<b>154.0</b>	<b>156.0</b>
<b><u>Enterprise Fund:</u></b>										
Administration	7.5	7.5	7.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0
Water, Sewer, WWTP	24.0	24.0	24.0	24.0	24.0	24.0	24.0	25.0	24.0	24.0
<b>Enterprise Fund Total</b>	<b>31.5</b>	<b>31.5</b>	<b>31.0</b>	<b>32.0</b>	<b>31.0</b>	<b>31.0</b>	<b>31.0</b>	<b>33.0</b>	<b>32.0</b>	<b>32.0</b>
<b><u>Internal Service Fund:</u></b>										
Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0
<b>Internal Service Fund Total</b>	<b>4.0</b>	<b>5.0</b>	<b>6.0</b>							
<b><u>Emergency Medical Services:</u></b>										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	18.0
<b>Emergency Medical Service Total</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>18.0</b>
<b>Total City Positions</b>	<b>175.5</b>	<b>183.0</b>	<b>185.0</b>	<b>190.0</b>	<b>180.0</b>	<b>179.0</b>	<b>190.0</b>	<b>194.0</b>	<b>194.0</b>	<b>212.0</b>

Source: Economic development department

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

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

Source: Various City departments

Note: Indicators are not available for the general government function

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

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

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

Source: Various City departments

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

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

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