

City of Alvin, Texas

Comprehensive Annual Financial Report

For the period ending 9/30/2016



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF ALVIN, TEXAS

**For the Year Ended
September 30, 2016**

Official Issuing Report:

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

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2016

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	3
Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting	8
Principal Officials	9
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	17
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
 Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
 Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	46
 Notes to Financial Statements	51
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	87
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	88
Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System	89
Schedule of Contributions – Texas Municipal Retirement System	90
Schedule of Contributions – Texas Emergency Services Retirement System	91

CITY OF ALVIN, TEXAS
TABLE OF CONTENTS
September 30, 2016

<u>COMBINING STATEMENTS AND SCHEDULES</u>	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	95
Combining Balance Sheet – Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	102
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Nonmajor Special Revenue Funds:	
Hotel/Motel	106
Special Investigation	106
Court Building Security	107
Municipal Court Technology	107
Donation	108
Juvenile Case Manager	108
Senior	109
Park Dedication	109
Comcast PEG Fees	110
TIRZ No. 2	110
Kendall Lakes TIRZ Redevelopment Authority	111
Permanent Fund:	
Cemetery	112
Combining Statement of Net Position – Internal Service Funds	114
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	116
Combining Statement of Cash Flows – Internal Service Funds	118
 <u>OTHER STATEMENTS</u>	
Consolidated Balance Sheet – General Fund – Sub-Funds	123
Consolidated Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Sub-Funds	125
Consolidated Statement of Net Position – Water & Sewer Fund – Sub-Funds	126
Consolidated Statement Revenues, Expenses, and Changes in Fund Net Position – Water & Sewer Fund – Sub-Funds	130
Consolidated Statement of Cash Flows – Water & Sewer Fund – Sub-Funds	132

CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2016

STATISTICAL SECTION

	<u>Page</u>
Net Position by Component	138
Changes in Net Position	140
Tax Revenues by Source, Governmental Activities	144
Fund Balances, Governmental Funds	146
Changes in Fund Balances, Governmental Funds	148
Assessed Value and Estimated Actual Value of Taxable Property	150
Property Tax Rates – Direct and Overlapping Governments	152
Principal Property Taxpayers	155
Property Tax Levies and Collections	156
Ratios of Outstanding Debt by Type	158
Ratios of General Bonded Debt Outstanding	160
Direct and Overlapping Governmental Activities Debt	163
Legal Debt Margin Information	165
Pledged-Revenue Coverage	166
Demographic and Economic Statistics	168
Principal Employers	169
Full-Time Equivalent City Government Employees by Function	171
Operating Indicators by Function	172
Capital Asset Statistics by Function	174

(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)



CITY OF ALVIN

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

February 10, 2017

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, 2016 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, 2016 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, 2016 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 87 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 95 for the debt service fund and page 106 for the nonmajor special revenue funds and permanent fund.

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.

Park improvements include the construction and completion of permanent restroom facilities at National Oak Park. Other park projects approved for completion in FY17 will include rehabilitation of the pedestrian bridge at National Oak Park, Alvin Library youth lounge, picnic tables, bleachers at Lions Park, swing-set at Hugh Adams

Park, park benches, and additional funding for Alvin Senior Center improvements. The City continues to work with our local Rotary organization through a multi-year contract to make improvements at Briscoe Park which will be used for their 4th annual spring Rotary Music Festival and BBQ Cook-off. This event brings thousands to the City of Alvin over the two-day period. The city continues to be dedicated to annually funding roadway improvements. The \$1.14 million design and reconstruction of Mustang Road from South Gordon to Bypass 35 will be completed in FY17 providing improved roadway, drainage, and sidewalks enhancing walkability. FY17 will also include another 4.5 miles of asphalt roadway improvements. The 15-acre regional detention pond at Kost Road will be completed in FY17 providing additional drainage capacity to the central part of the city and the design of the Durant Road 4.9-acre detention pond intends to be constructed in FY17.

The community continues growth momentum with 100 new residential homes constructed in FY16. The value for new residential permits equaled \$16.47 million. The city anticipates growth of new residential homes in two existing neighborhoods in FY17.

New commercial construction permits in FY16 equaled \$9.49 million in value. Additionally, the value for repairs/additions/etc. of commercial and residential permits combined equaled \$6.77 million. Commercial/Retail projects that were completed in FY16 include Burger King, AT&T, Firehouse Subs, Chicken Express, Goodwill Clothing and Distribution Center, and Medic One Pharmacy and Sandwich Shop. A 25,000 square foot Nissan auto dealership and AMOCO Federal Credit Union intends to be completed in FY17.

Alvin ISD completed and opened the new Bill Hasse primary school in the fall of 2016. The school district is currently constructing the new AISD Agriculture Center adjacent to Fairview Junior High.

Empereon Constar replaced the space of the DISH Network call center on Hwy35. Empereon Constar currently employs approximately 800 employees which was an increase from the number of employees of DISH Network.

Ascend Performance Materials is vying for additional projects in the Chocolate Bayou area. INEOS Olefins & Polymers constructed their new facility worth \$550 million in the same area as Ascend, and anticipates the creation of 80 direct and 376 indirect new jobs. Ascend and INEOS currently employs 1000 workers between direct and permanent contractors.

MAJOR INITIATIVES

The 2035 Comprehensive Plan, adopted by City Council in 2014, continues to provide the city with projects for implementation. Four projects that were completed in FY16, but not limited to; (1) increase citizen engagement through a redesigned web site, increase in social media presence, Citizen Survey, and a monthly newsletter placed in the utility billing mailings (2) Phase 1 of the Thoroughfare Plan Update allowing for the planning of future transportation improvements (3) The replacement of the south-side water tower to meet demand and provide future capacity (4) Completion of the Utility Master Plan. The city continues to implement projects such as the City wide tree ordinance, update to the International Property Maintenance Code, Parks Standard manual, the Parks Annual Operations and Maintenance Plan, Downtown Improvements, and a Sidewalk Plan. All of these efforts will continue to provide the services and quality of life enhancements that bring and sustain residents in the community.

The 2035 Comprehensive Plan states, "Downtown Alvin is a unique asset, and with many of the other cities and towns in the region lacking a historic downtown district, Alvin's can differentiate itself and play a critical role in attracting and retaining young adults". The City's Downtown Improvement Task Force established a vision in FY16 and continues to improve efforts to revitalize the downtown district. Recently added to the downtown were three new food establishments and a creative maker space; Corey's Kitchen, The Caboose BBQ, El Paraiso Taqueria y Refresqueria, and Da Vinci Maker Labs. Decorative street lights and additional sidewalks are planned for FY17. The city has funded and intends to implement a matching grant program for downtown business and property owners in an effort to make aesthetic enhancements.

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, 2015. This was the fourteenth 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, 2015. 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,

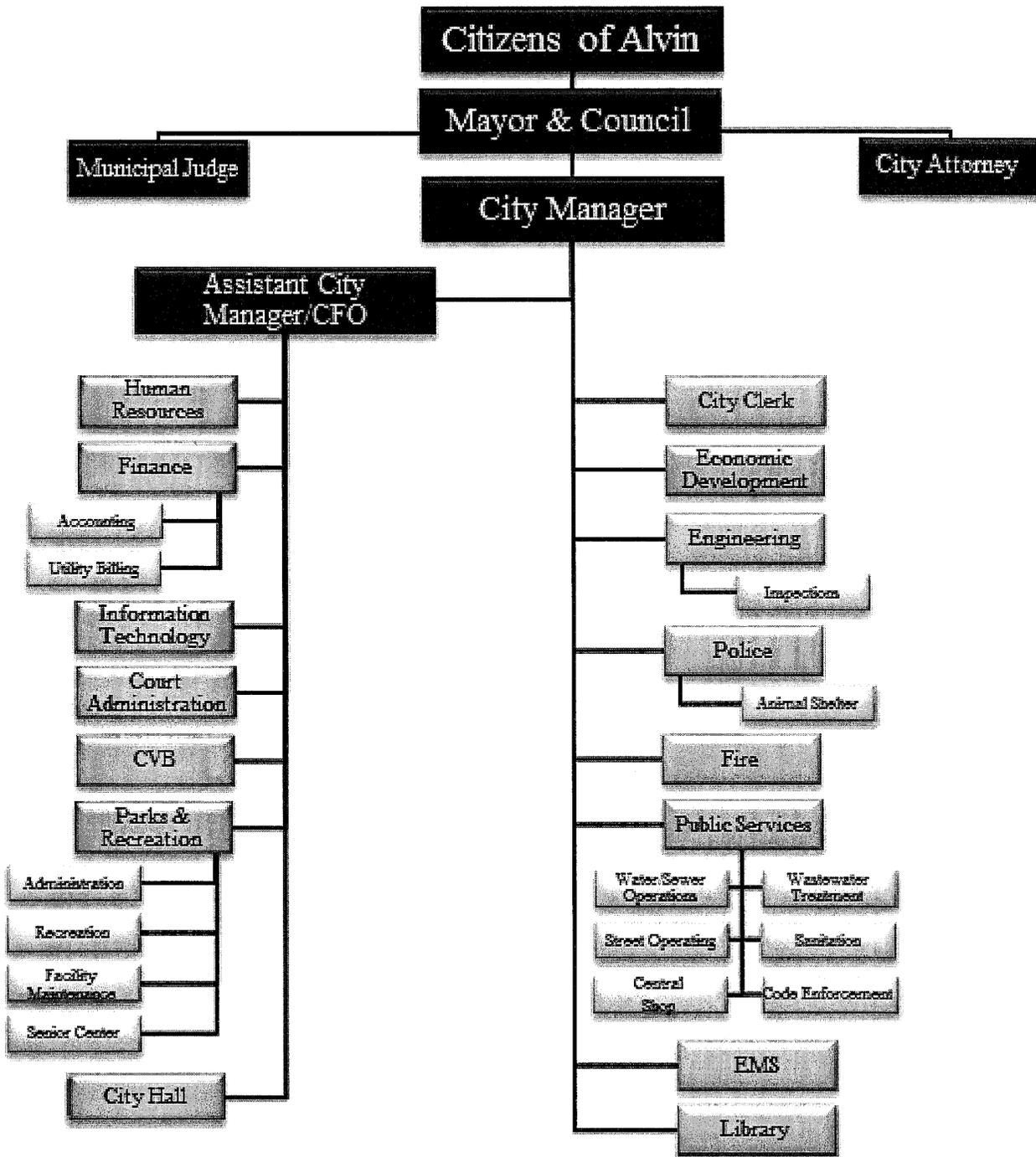


Sereniah Breland
City Manager

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2016



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, 2015

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

Executive Director/CEO

CITY OF ALVIN, TEXAS
PRINCIPAL OFFICIALS
September 30, 2016

City Officials	Elective Position	Term Expires
Paul Horn	Mayor	2017
Scott Reed	Council Member - District A	2019
Adam Arendell	Council Member - District B	2018
Keith Thompson	Council Member - District C	2018
Glenn Starkey	Council Member - District D	2019
Gabe Adame	Council Member - District E	2017
Brad Richards	Council Member - At Large 1	2018
Chris Sanger	Council Member - At Large 2	2019

Key Staff	Position
Sereniah Breland	City Manager
Dixie Roberts	City Clerk
Junru Roland	Assistant City Manager/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

(This page intentionally left blank.)

FINANCIAL SECTION

(This page intentionally left blank.)



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, 2016, 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. 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.

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, 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 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 10, 2017

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

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

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, 2016

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 basic proprietary 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 (TMRS), schedule of the City's proportionate share of the net pension liability – Texas Emergency Services Retirement System (TESRS), and schedules of contributions for both TMRS and TESRS. 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 and deferred inflows by \$68,325,478 as of September 30, 2016. The largest portion of the City's net position, 65 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, 2016

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 19,935,500	\$ 18,923,696	\$ 23,688,370	\$ 24,900,610	\$ 43,623,870	\$ 43,824,306
Capital assets, net	36,881,942	37,215,282	29,573,782	30,396,561	66,455,724	67,611,843
Total Assets	<u>56,817,442</u>	<u>56,138,978</u>	<u>53,262,152</u>	<u>55,297,171</u>	<u>110,079,594</u>	<u>111,436,149</u>
Deferred outflows - pensions	3,387,258	1,394,857	808,157	336,439	4,195,415	1,731,296
Deferred charge on refundings	179,061	191,851	700,164	752,367	879,225	944,218
Total Deferred Outflows of Resources	<u>3,566,319</u>	<u>1,586,708</u>	<u>1,508,321</u>	<u>1,088,806</u>	<u>5,074,640</u>	<u>2,675,514</u>
Long-term liabilities	18,123,588	17,100,190	25,079,902	26,321,992	43,203,490	43,422,182
Other liabilities	1,181,733	1,652,446	1,860,961	1,986,991	3,042,694	3,639,437
Total Liabilities	<u>19,305,321</u>	<u>18,752,636</u>	<u>26,940,863</u>	<u>28,308,983</u>	<u>46,246,184</u>	<u>47,061,619</u>
Deferred inflows - pensions	472,970	450,875	109,602	90,201	582,572	541,076
Total Deferred Inflows of Resources	<u>472,970</u>	<u>450,875</u>	<u>109,602</u>	<u>90,201</u>	<u>582,572</u>	<u>541,076</u>
Net Position:						
Net investment in capital assets	29,288,263	27,992,273	14,905,721	16,159,516	44,193,984	44,151,789
Restricted	8,481,991	8,024,520	-	-	8,481,991	8,024,520
Unrestricted	2,835,216	2,505,382	12,814,287	11,827,277	15,649,503	14,332,659
Total Net Position	<u>\$ 40,605,470</u>	<u>\$ 38,522,175</u>	<u>\$ 27,720,008</u>	<u>\$ 27,986,793</u>	<u>\$ 68,325,478</u>	<u>\$ 66,508,968</u>

A portion of the City's net position, \$8,481,991 or 12 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$15,649,503 or 23 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$1,816,510 as compared to the prior year. Net capital assets compared to the prior year decreased largely due to current year depreciation. Deferred outflows and deferred inflows of resources related to the City's pension plans increased compared to the prior year. Current liabilities increased due to the various stages of projects and the timing of invoices. While the net pension liabilities increased compared to the prior year, this increase was partially offset by a decrease in bonds payable due to scheduled principal payments.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

Statement of Activities:

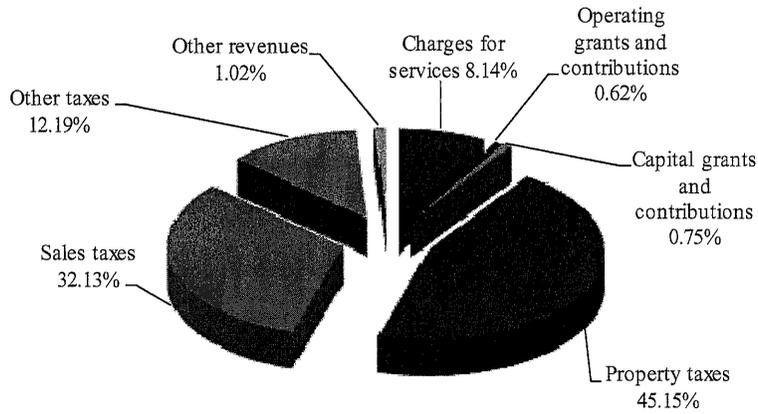
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 1,672,416	\$ 1,803,847	\$ 12,181,671	\$ 12,126,715	\$ 13,854,087	\$ 13,930,562
Operating grants and contributions	126,345	247,358	370,640	294,123	496,985	541,481
Capital grants and contributions	154,161	2,056,883	-	2,373,890	154,161	4,430,773
General revenues:						
Property taxes	9,274,853	8,480,190	-	-	9,274,853	8,480,190
Sales taxes	6,600,913	6,457,416	-	-	6,600,913	6,457,416
Other taxes	2,504,859	2,769,797	-	-	2,504,859	2,769,797
Other revenues	208,612	191,420	72,833	36,197	281,445	227,617
Total Revenues	20,542,159	22,006,911	12,625,144	14,830,925	33,167,303	36,837,836
Expenses						
General government	4,203,196	4,066,403	-	-	4,203,196	4,066,403
Public safety	8,358,096	7,851,334	-	-	8,358,096	7,851,334
Public services	2,052,720	1,787,338	-	-	2,052,720	1,787,338
Community services	2,600,013	2,648,239	-	-	2,600,013	2,648,239
Culture, parks, and recreation	1,930,324	1,678,632	-	-	1,930,324	1,678,632
Interest and fiscal agent fees	244,938	275,210	-	-	244,938	275,210
Water and sewer	-	-	7,705,970	6,939,946	7,705,970	6,939,946
Sanitation	-	-	2,298,255	2,254,148	2,298,255	2,254,148
EMS	-	-	1,957,281	1,825,973	1,957,281	1,825,973
Total Expenses	19,389,287	18,307,156	11,961,506	11,020,067	31,350,793	29,327,223
Increase in Net Position Before Transfers	1,152,872	3,699,755	663,638	3,810,858	1,816,510	7,510,613
Transfers in (out)	930,423	(261,296)	(930,423)	261,296	-	-
Change in Net Position	2,083,295	3,438,459	(266,785)	4,072,154	1,816,510	7,510,613
Beginning net position	38,522,175	35,083,716	27,986,793	23,914,639	66,508,968	58,998,355
Ending Net Position	\$ 40,605,470	\$ 38,522,175	\$ 27,720,008	\$ 27,986,793	\$ 68,325,478	\$ 66,508,968

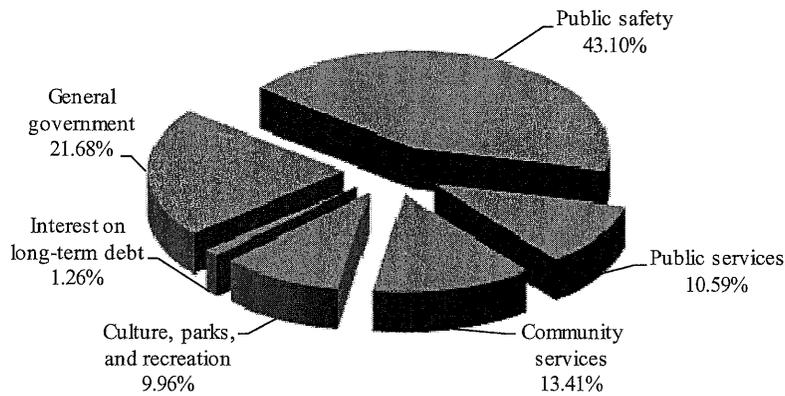
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

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

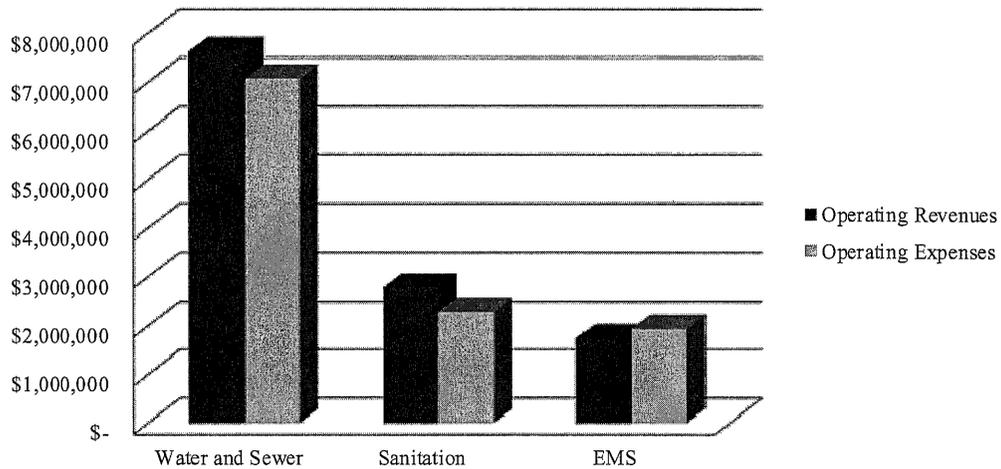
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

For the year ended September 30, 2016, revenues from governmental activities totaled \$20,542,159, which is a decrease of \$1,464,752 from last year. This is primarily due to a decrease in grant and contributions related to a decrease in grant activity and a developer contribution received in the prior year. Charges for services decreased due to a decrease in permits from a decline in construction activity within the City. Other taxes decreased due to a decrease in payments in lieu of taxes from a decrease in the total value of that company's properties. These decreases in revenues were partially offset by increases in property tax revenues from an increase in the appraised values of properties within the City and an increase in sales tax revenues from improved sales within the City.

For the year ended September 30, 2016, expenses for governmental activities totaled \$19,389,287. Overall governmental expenses increased by \$1,082,131 due to an increase in personnel costs, pension expense, group insurance, contract services, and Chapter 380 agreement payments.

Net position before transfers for business-type activities increased \$663,638 compared to the prior year. Revenues decreased \$2,205,781 compared to the prior year due to capital contributions received in the prior year related to a community development block grant sewer rehabilitation project and a developer contribution of water and wastewater facilities. This decrease in revenues was partially offset by an increase in water and sewer revenues from an increase in customer consumption. Expenses increased \$941,439 compared to the prior year due to an increase in personnel costs, pension expense, maintenance projects, and contracted services.

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 \$15,377,352. Of this, \$22,903 is nonspendable, \$8,483,597 is restricted for various purposes, and \$1,160,597 is assigned for various projects. The remaining balance of \$5,710,255 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$693,140 compared to the prior year, due mainly to increases in property tax revenues, sales tax revenues, and transfers in from other funds. Expenditures decreased compared to prior year mainly due to a 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 \$5,710,255, while total fund balance reached \$6,609,499. 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 39 percent of total general fund expenditures while total fund balance represents 45 percent of the same amount. The general fund demonstrated an overall increase of \$535,744 due mainly to lower than anticipated expenditures. Compared to the prior year, revenues increased roughly three percent due to increases in property tax revenue from an increase in the appraised values of properties, sales tax revenue from an increase in sales within the City, charges for services from an increase in sports agreement revenue and service fees, and an increase in transfers in from other funds. These increases in revenues were partially offset by decreased revenues related to payments in lieu of taxes from a decrease in the appraised value of the company's property compared to the prior year and a decrease in permits issued related to

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

building activities. Expenditures increased roughly four percent compared to the prior year due to increases in expenditures from personnel costs, group insurance, contracted services, and Chapter 380 agreement payments.

The debt service fund has a total fund balance of \$92,651, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$17,818. This increase can be attributed to the property tax collections in excess of debt service expenditures.

The sales tax capital projects fund recorded a decrease of \$147,422 in fund balance. This is primarily due to an increase in capital expenditures related a conceptual master plan, road/payments improvements, and detention improvements. These increases in expenditures were partially offset by an increase in sales tax revenues.

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 \$707,465 in the general fund. However, the net change in fund balance increased by \$535,744, resulting in a positive variance of \$1,243,209 from budgeted as amended over actual. The City realized more revenues than anticipated from sales taxes, franchise fees and taxes, charges for services, and investment income. These positive revenue budget variances were largely offset by negative budget variances from licenses and permits, fines and forfeitures, and intergovernmental revenues. Expenditures were less than anticipated across all functions. Departments with the largest positive budget variances include administrative, finance, police, fire, public services, and culture, parks, and recreation.

Actual general fund revenues were more than original and amended budgeted revenues by \$16,322 during 2016. This is mainly due to higher revenues from grant revenues and licenses and permits than anticipated.

Actual expenditures were less than budgeted amounts by \$938,100 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 fiscal year, the City's governmental and business-type activities had invested \$66,455,724 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$1,156,119.

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

- Aqua Metrics - AMI meter change out program for \$85,000
- Completion of an 2015 asphalt paving project for \$1,783,929
- Completion of the downtown sidewalk project for \$78,112
- Construction in progress additions related to the following:
 - 2016 asphalt pavement project for \$79,209
 - Detention improvements project for \$55,334
 - Street resurfacing and road construction project for \$183,833
 - Mustang Road improvement project for \$98,703
 - Wastewater treatment plant upgrade project for \$437,750
 - Dyche Lane elevated storage tank project for \$313,005

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2016

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 fiscal year, the City had total bonds and certificates of obligation outstanding of \$29,195,005. Of this amount, \$14,935,005 was general obligation debt and certificates of obligation accounted for \$14,260,000.

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

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a fiscal year 2016-2017 expenditure budget of \$37,328,037, which is a decrease of 2.25 percent from the prior year budget. The City budgeted for fiscal year 2016-2017 revenues of \$36,555,220, which is an increase of 3.95 percent from the prior year budget. The 2016 net taxable value is \$1,228,341,881, an increase of 12.91 percent from the previous year. The City Council also approved to lower the City's combined tax rate by \$0.0406 from \$0.8386 per \$100 of taxable property value to \$0.7980 per \$100 of taxable property value. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2016-2017 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, Assistant City Manager/Chief Financial Officer, 216 West Sealy, Alvin, Texas 77511.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS

STATEMENT OF NET POSITION

September 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 17,085,716	\$ 11,815,353	\$ 28,901,069
Investments	748,697	500,517	1,249,214
Receivables, net of allowances	2,052,324	2,956,853	5,009,177
Inventory	25,860	111,075	136,935
Prepays and other assets	22,903	-	22,903
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	8,304,572	8,304,572
	19,935,500	23,688,370	43,623,870
Capital assets:			
Non-depreciable capital assets	5,426,126	2,192,122	7,618,248
Depreciable capital assets, net	31,455,816	27,381,660	58,837,476
	36,881,942	29,573,782	66,455,724
Total Assets	56,817,442	53,262,152	110,079,594
Deferred Outflows of Resources			
Deferred outflows - TMRS	3,181,185	808,157	3,989,342
Deferred outflows - TESRS	206,073	-	206,073
Deferred charge on refunding	179,061	700,164	879,225
Total Deferred Outflows of Resources	3,566,319	1,508,321	5,074,640
Liabilities			
Accounts payable and accrued liabilities	1,129,025	1,623,922	2,752,947
Accrued bond interest	52,708	237,039	289,747
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	526,615	66,242	592,857
Bonds payable	679,337	1,650,663	2,330,000
Capital leases payable	36,926	-	36,926
Portion due in more than one year:			
Compensated absences	58,511	7,361	65,872
Bonds payable (net of deferred charges)	6,709,275	20,865,128	27,574,403
Capital leases payable	365,124	-	365,124
Net pension liability - TMRS	9,201,914	2,490,508	11,692,422
Net pension liability - TESRS	545,886	-	545,886
Total Liabilities	19,305,321	26,940,863	46,246,184
Deferred Inflows of Resources			
Deferred inflows - TMRS	424,623	109,602	534,225
Deferred inflows - TESRS	48,347	-	48,347
Total Deferred Inflows of Resources	472,970	109,602	582,572
Net Position			
Net investment in capital assets	29,288,263	14,905,721	44,193,984
Restricted for:			
Nonexpendable			
Perpetual care	50,000	-	50,000
Expendable			
Debt service	92,651	-	92,651
Enabling legislation	1,142,610	-	1,142,610
Tax increment reinvestment zone	353,821	-	353,821
Capital projects	6,367,993	-	6,367,993
Permanent fund	474,916	-	474,916
Unrestricted	2,835,216	12,814,287	15,649,503
Total Net Position	\$ 40,605,470	\$ 27,720,008	\$ 68,325,478

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,203,196	\$ 410,434	\$ 92,861	\$ -
Public safety	8,358,096	1,261,982	33,484	-
Public services	2,052,720	-	-	154,161
Community services	2,600,013	-	-	-
Culture, parks, and recreation	1,930,324	-	-	-
Interest and fiscal agent fees	244,938	-	-	-
Total Governmental Activities	<u>19,389,287</u>	<u>1,672,416</u>	<u>126,345</u>	<u>154,161</u>
Business-Type Activities				
Water and sewer	7,705,970	7,643,861	-	-
Sanitation	2,298,255	2,781,959	-	-
EMS	1,957,281	1,755,851	370,640	-
Total Business-Type Activities	<u>11,961,506</u>	<u>12,181,671</u>	<u>370,640</u>	<u>-</u>
Total Primary Government	<u>\$ 31,350,793</u>	<u>\$ 13,854,087</u>	<u>\$ 496,985</u>	<u>\$ 154,161</u>

General Revenues:

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

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,699,901)	\$ -	\$ (3,699,901)
(7,062,630)	-	(7,062,630)
(1,898,559)	-	(1,898,559)
(2,600,013)	-	(2,600,013)
(1,930,324)	-	(1,930,324)
(244,938)	-	(244,938)
<u>(17,436,365)</u>	<u>-</u>	<u>(17,436,365)</u>
-	(62,109)	(62,109)
-	483,704	483,704
-	169,210	169,210
<u>-</u>	<u>590,805</u>	<u>590,805</u>
<u>(17,436,365)</u>	<u>590,805</u>	<u>(16,845,560)</u>
9,274,853	-	9,274,853
6,600,913	-	6,600,913
1,775,920	-	1,775,920
728,939	-	728,939
68,237	72,833	141,070
140,375	-	140,375
930,423	(930,423)	-
<u>19,519,660</u>	<u>(857,590)</u>	<u>18,662,070</u>
2,083,295	(266,785)	1,816,510
<u>38,522,175</u>	<u>27,986,793</u>	<u>66,508,968</u>
<u>\$ 40,605,470</u>	<u>\$ 27,720,008</u>	<u>\$ 68,325,478</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2016

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 6,317,004	\$ 90,660	\$ 5,340,340	\$ 2,299,918
Investments	-	-	748,697	-
Receivables, net	1,141,467	63,985	781,774	65,098
Due from other funds	-	-	-	199
Prepaid items	22,903	-	-	-
Total Assets	\$ 7,481,374	\$ 154,645	\$ 6,870,811	\$ 2,365,215
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 468,084	\$ -	\$ 520,740	\$ 39,885
Due to other funds	-	-	-	199
Due to others	71,045	-	-	-
Total Liabilities	539,129	-	520,740	40,084
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	332,746	61,994	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	22,903	-	-	-
Restricted for:				
Debt service	-	92,651	-	-
Perpetual care	-	-	-	50,000
Sidewalk projects	-	-	-	1,606
Enabling legislation	-	-	-	1,142,610
Tax increment reinvestment zone	-	-	-	353,821
Capital projects	-	-	6,350,071	17,922
Permanent fund	-	-	-	474,916
Assigned to:				
Special projects	291,215	-	-	284,256
Compensated absences	585,126	-	-	-
Unassigned	5,710,255	-	-	-
Total Fund Balances	6,609,499	92,651	6,350,071	2,325,131
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,481,374	\$ 154,645	\$ 6,870,811	\$ 2,365,215

See Notes to Financial Statements.

Total

\$ 14,047,922
748,697
2,052,324
199
22,903
\$ 16,872,045

\$ 1,028,709
199
71,045
1,099,953

394,740

22,903

92,651

50,000

1,606

1,142,610

353,821

6,367,993

474,916

575,471

585,126

5,710,255

15,377,352

\$ 16,872,045

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2016

Total fund balances - total governmental funds \$ 15,377,352

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	5,426,126
Capital assets, net depreciable	30,278,735

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

Net pension liability	(9,493,678)
Deferred outflows - pensions	3,289,064
Deferred inflows - pensions	(461,154)

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

394,740

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.

4,027,672

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

Accrued interest payable	(52,708)
Non-current liabilities due in one year	(1,242,878)
Non-current liabilities due in more than one year	(7,116,862)
Deferred charge on refunding	179,061

Net Position of Governmental Activities	\$ 40,605,470
--	----------------------

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, 2016

	General	Debt Service	Sales Tax Capital Projects	Other Governmental
Revenues				
Property taxes	\$ 7,683,589	\$ 1,368,678	\$ -	\$ 196,678
Sales taxes	2,200,742	-	4,400,171	-
Franchise fees and taxes	1,390,132	-	-	385,788
Other taxes	728,939	-	-	-
Licenses and permits	744,948	-	-	-
Fines and forfeitures	494,358	-	-	22,676
Charges for services	323,928	-	-	86,506
Intergovernmental	185,728	-	-	61,294
Investment revenue	26,691	56	22,747	12,718
Other revenue	-	-	533	136,114
Total Revenues	13,779,055	1,368,734	4,423,451	901,774
Expenditures				
Current:				
General government	4,055,113	-	-	79,482
Public safety	7,575,855	-	-	73,335
Public services	912,306	-	-	-
Community services	117,936	-	2,184,927	301,760
Culture, parks, and recreation	1,654,901	-	-	10,110
Capital outlay	302,421	-	1,902,781	116,443
Debt service:				
Principal	34,886	1,112,008	-	21,350
Interest and fiscal agent fees	13,872	238,908	-	1,903
Total Expenditures	14,667,290	1,350,916	4,087,708	604,383
Excess (Deficiency) of Revenues Over (Under) Expenditures	(888,235)	17,818	335,743	297,391
Other Financing Sources (Uses)				
Transfers in	1,445,941	-	-	204,129
Transfers (out)	(21,962)	-	(483,165)	(214,520)
Total Other Financing Sources (Uses)	1,423,979	-	(483,165)	(10,391)
Net Change in Fund Balances	535,744	17,818	(147,422)	287,000
Beginning fund balances	6,073,755	74,833	6,497,493	2,038,131
Ending Fund Balances	\$ 6,609,499	\$ 92,651	\$ 6,350,071	\$ 2,325,131

See Notes to Financial Statements.

Total

\$ 9,248,945
6,600,913
1,775,920
728,939
744,948
517,034
410,434
247,022
62,212
136,647

20,473,014

4,134,595
7,649,190
912,306
2,604,623
1,665,011
2,321,645

1,168,244
254,683

20,710,297

(237,283)

1,650,070
(719,647)

930,423

693,140
14,684,212

\$ 15,377,352

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, 2016

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

Net changes in fund balances - total governmental funds	\$	693,140
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		1,963,863
Depreciation expense		(2,059,210)
The issuance of long-term debt (e.g., bonds and 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		1,133,358
Amortization of deferred amounts		456
Compensated absences		27,919
Capital lease activity		34,886
Deferred outflows - pensions		2,032,142
Deferred inflows - pensions		(122,504)
Net pension liability		(2,160,241)
Accrued interest		9,289
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		25,908
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.		504,289
Change in Net Position of Governmental Activities	\$	2,083,295

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2016

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 8,977,867	\$ 1,921,090	\$ 916,396	\$ 11,815,353
Investments	500,517	-	-	500,517
Accounts receivable (net of allowance for uncollectibles)	886,617	375,886	1,694,350	2,956,853
Inventory	111,075	-	-	111,075
Restricted cash, cash equivalents, and investments:				
Construction	7,147,567	-	-	7,147,567
Customer deposits	1,157,005	-	-	1,157,005
Total Current Assets	<u>18,780,648</u>	<u>2,296,976</u>	<u>2,610,746</u>	<u>23,688,370</u>
Noncurrent assets				
Capital assets:				
Land	937,829	503,538	-	1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	2,928,305	2,610,608	36,879	5,575,792
Infrastructure	48,434,867	15,342	-	48,450,209
Equipment	2,333,778	-	513,798	2,847,576
Construction in progress	750,755	-	-	750,755
Less allowance for depreciation	(32,968,423)	(1,963,111)	(722,840)	(35,654,374)
Total Capital Assets (Net)	<u>27,940,644</u>	<u>1,246,878</u>	<u>386,260</u>	<u>29,573,782</u>
Total Noncurrent Assets	<u>27,940,644</u>	<u>1,246,878</u>	<u>386,260</u>	<u>29,573,782</u>
Total Assets	<u>46,721,292</u>	<u>3,543,854</u>	<u>2,997,006</u>	<u>53,262,152</u>
Deferred Outflows of Resources				
Deferred outflows - pensions	442,625	-	365,532	808,157
Deferred charge on refunding	697,034	3,130	-	700,164
Total Deferred Outflows of Resources	<u>1,139,659</u>	<u>3,130</u>	<u>365,532</u>	<u>1,508,321</u>

**Governmental
Activities**

**Internal
Service**

\$ 3,037,794
-
-
25,860
-
-
3,063,654

-
7,754
-
-
3,272,604
-
(2,103,277)

1,177,081

1,177,081

4,240,735

98,194
-
98,194

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

September 30, 2016

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 211,539	\$ 201,932	\$ 53,446	\$ 466,917
Accrued interest payable	235,772	561	706	237,039
Bonds payable - current	1,638,006	6,798	5,859	1,650,663
Compensated absences	40,667	-	25,575	66,242
Current Liabilities Payable From Restricted Assets				
Customer deposits	1,157,005	-	-	1,157,005
Total Current Liabilities	3,282,989	209,291	85,586	3,577,866
Noncurrent liabilities				
Bonds payable, net of deferred charges	20,691,491	60,638	112,999	20,865,128
Compensated absences	4,519	-	2,842	7,361
Net pension liability	1,316,177	-	1,174,331	2,490,508
Total Noncurrent Liabilities	22,012,187	60,638	1,290,172	23,362,997
Total Liabilities	25,295,176	269,929	1,375,758	26,940,863
Deferred Inflows of Resources				
Deferred inflows - pensions	60,034	-	49,568	109,602
Net Position				
Net investment in capital assets	13,455,747	1,182,572	267,402	14,905,721
Unrestricted net position	9,049,994	2,094,483	1,669,810	12,814,287
Total Net Position	\$ 22,505,741	\$ 3,277,055	\$ 1,937,212	\$ 27,720,008

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 29,271
-
-
14,443

-
43,714

-
1,605
254,122

255,727

299,441

11,816

1,177,081
2,850,591

\$ 4,027,672

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2016

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Operating Revenues</u>				
Water service	\$ 3,502,366	\$ -	\$ -	\$ 3,502,366
Sewer service	3,761,930	-	-	3,761,930
Sanitation service	-	2,781,000	-	2,781,000
Emergency medical service	-	-	1,591,427	1,591,427
Charges for services	-	-	-	-
Other revenue	379,565	959	164,424	544,948
Total Operating Revenues	7,643,861	2,781,959	1,755,851	12,181,671
<u>Operating Expenses</u>				
Water service	3,167,131	-	-	3,167,131
Sewer service	2,329,584	-	-	2,329,584
Sanitation service	-	2,240,386	-	2,240,386
Emergency medical service	-	-	1,914,053	1,914,053
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,594,226	55,784	38,875	1,688,885
Total Operating Expenses	7,090,941	2,296,170	1,952,928	11,340,039
Operating Income (Loss)	552,920	485,789	(197,077)	841,632
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	370,640	370,640
Gain on sale of capital assets	-	-	-	-
Investment revenue	63,534	5,924	3,375	72,833
Interest and fiscal agent fees	(615,029)	(2,085)	(4,353)	(621,467)
Total Nonoperating Revenues (Expenses)	(551,495)	3,839	369,662	(177,994)
Income Before Contributions and Transfers	1,425	489,628	172,585	663,638
<u>Contributions and Transfers</u>				
Transfers in	76,807	-	-	76,807
Transfers (out)	(649,994)	(210,073)	(147,163)	(1,007,230)
Total Contributions and Transfers	(573,187)	(210,073)	(147,163)	(930,423)
Change in Net Position	(571,762)	279,555	25,422	(266,785)
Beginning net position	23,077,503	2,997,500	1,911,790	27,986,793
Ending Net Position	\$ 22,505,741	\$ 3,277,055	\$ 1,937,212	\$ 27,720,008

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ -
-
-
-
1,761,470
73,913

1,835,383

-
-
-
-
217,420
908,915
214,512

1,340,847

494,536

-
3,728
6,025
-

9,753

504,289

-
-
-

504,289

3,523,383

\$ 4,027,672

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2016

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 7,841,719	\$ 2,731,842	\$ 1,638,335	\$ 12,211,896
Payments to suppliers	(3,689,302)	(2,234,218)	(444,936)	(6,368,456)
Payments to employees	(1,914,487)	-	(1,421,528)	(3,336,015)
Net Cash Provided (Used) by Operating Activities	2,237,930	497,624	(228,129)	2,507,425
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	76,807	-	-	76,807
Transfer to other funds	(649,994)	(210,073)	(147,163)	(1,007,230)
Interfund loan payments	-	-	(93)	(93)
Interest paid on interfund loan	-	-	(4,353)	(4,353)
Subsidy from federal grant	-	-	370,640	370,640
Net Cash Provided (Used) by Noncapital Financing Activities	(573,187)	(210,073)	219,031	(564,229)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(784,125)	-	(81,981)	(866,106)
Proceeds from issuance of bonds	-	-	-	-
Interest and fiscal agent fees paid	(645,216)	(2,279)	-	(647,495)
Principal paid on capital debt	(1,702,438)	(31,415)	(2,790)	(1,736,643)
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,131,779)	(33,694)	(84,771)	(3,250,244)
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	248,065	-	-	248,065
Purchase of investments	(248,000)	-	-	(248,000)
Interest on investments	63,534	5,924	3,375	72,833
Net Cash Provided by Investing Activities	63,599	5,924	3,375	72,898
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(1,403,437)	259,781	(90,494)	(1,234,150)
Beginning cash and equity in pooled cash and investments	18,685,876	1,661,309	1,006,890	21,354,075
Ending Cash and Equity in Pooled Cash and Investments	\$ 17,282,439	\$ 1,921,090	\$ 916,396	\$ 20,119,925
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 8,977,867	\$ 1,921,090	\$ 916,396	\$ 11,815,353
Restricted cash and equity in pooled cash and investments	8,304,572	-	-	8,304,572
	\$ 17,282,439	\$ 1,921,090	\$ 916,396	\$ 20,119,925

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,861,787
(921,223)
(205,523)
735,041

-
-
93
9
-

102

23,482
3,728
-
-

27,210

-
-
6,016

6,016

768,369

2,269,425

\$ 3,037,794

\$ 3,037,794

-
\$ 3,037,794

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2016

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 552,920	\$ 485,789	\$ (197,077)	\$ 841,632
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,594,226	55,784	38,875	1,688,885
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	157,463	(50,117)	(117,516)	(10,170)
Deferred outflows - pensions	(206,358)	-	(213,380)	(419,738)
Inventories	(11,712)	-	-	(11,712)
Increase (Decrease) in Current Liabilities:				
Accounts payable	(181,607)	6,688	13,264	(161,655)
Accrued interest payable	(4,239)	(520)	(11)	(4,770)
Compensated absences	(3,560)	-	(371)	(3,931)
Customer deposits	40,395	-	-	40,395
Deferred inflows - pensions	10,626	-	8,775	19,401
Net pension liability	289,776	-	239,312	529,088
Net Cash Provided (Used) by Operating Activities	\$ 2,237,930	\$ 497,624	\$ (228,129)	\$ 2,507,425

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 494,536

214,512

16,670

(63,068)

9,734

(12,308)

-

7,171

-

2,399

65,395

\$ 735,041

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

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 (TIRZ), 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 to provide the financing and management tool needed to facilitate development of commercial and residential sites. 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 TIRZ No. 1, the City takes title to the infrastructure and 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. 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 TIRZ No. 2, the City takes title to the infrastructure and 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. 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 TIRZ No. 3, the City takes title to the infrastructure and 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 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, including its blended component units. 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 general fund is always considered a major fund.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 *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 sidewalk fund. The special revenue funds are considered nonmajor funds for reporting purposes.

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 that 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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.”

2. Investments

Investments are stated at fair value, except for investment pools, which are stated at either amortized costs or net asset values. Investment incomes from the pools are allocated back to the respective funds based on each fund’s equity in the pool.

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. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted by bond covenants for repayment of debt and to finance construction projects.

5. 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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.

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

6. 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 four 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 has been recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions. This amount is deferred and amortized over the average of the expected service lives of pension plan members. 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 four items that qualify for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized for the changes in actuarial assumptions. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferral has been recognized for the changes in proportion and difference between the employer's contributions and the proportionate share of contributions. This amount is deferred and amortized over the average of the expected service lives of pension plan members. 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.

7. 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. 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.

8. 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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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.

9. 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.

10. 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.

11. 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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

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

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

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

11. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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.

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 project length budgets. 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, 2016. 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. 2 fund, and the Kendall Lakes TIRZ Redevelopment Authority fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

A. Expenditures in Excess of Appropriations

For the year ended September 30, 2016, expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
General government – economic development		\$2,989
Donation Fund		
Public safety		\$ 281
Kendall Lakes TIRZ Redevelopment Authority		
Transfers out		\$ 199
Cemetery Fund		
Transfers out		\$1,263

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,249,213	0.92
TexPool	8,438,817	0.13
TexSTAR	<u>9,313,044</u>	0.12
Total Fair Value	<u>\$ 19,001,074</u>	
Portfolio weighted average maturity		0.16

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The City categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, the City will measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

use of unobservable inputs. The City does not have any investments that are measured using level 1, level 2, or level 3 inputs.

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

Credit risk. The City's investment policy limits investments in public fund investment pools rated as to investment quality not less than "AAA" or "AAA-m", or at an equivalent rating by at least one nationally recognized rating service. Investments in U.S. Securities Exchange Commission 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, 2016, 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, 2016, market values of pledged securities were \$22,711,460 and bank balances were \$19,842,519.

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. Standard & Poor's rated 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.

TexPool operates in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexPool states all investments at amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* for the use of amortized cost. Deposits and withdrawals can be made on any business day of the week. The investment pool has a redemption notice of one day that may be redeemed daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects TexPool's liquidity. There are no limits on the number of accounts a participant can have or the number of transactions.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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. J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (HTS) serve as co-administrators. JPMIM provides investment management services and FirstSouthwest, a division of HTS, provides participant service and marketing. Custodial, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary, J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc.

TexSTAR states all investments at net asset value. The investment pool has a redemption notice of one day that may be redeemed daily. TexSTAR may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the TexSTAR's liquidity. The City has no unfunded commitments related to TexSTAR.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Sales Tax Capital Projects	Nonmajor	Total
Property taxes	\$ 455,815	\$ 98,660	\$ -	\$ -	\$ 554,475
Sales taxes	389,040	-	777,847	-	1,166,887
Franchise taxes	385,820	-	-	-	385,820
Other taxes	-	-	-	50,515	50,515
Intergovernmental	-	-	1,285	-	1,285
Accounts receivable	59,861	1,991	1,052	14,583	77,487
Other receivables	904	-	1,590	-	2,494
Less allowance	(149,973)	(36,666)	-	-	(186,639)
	<u>\$ 1,141,467</u>	<u>\$ 63,985</u>	<u>\$ 781,774</u>	<u>\$ 65,098</u>	<u>\$ 2,052,324</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

Proprietary Funds

	Water and Sewer	Sanitation	EMS	Total Enterprise Funds
Intergovernmental	\$ -	\$ -	\$ 34,537	\$ 34,537
Accounts receivable	905,420	380,942	2,829,119	4,115,481
Other receivables	1,102	-	59,048	60,150
Less allowance	(19,905)	(5,056)	(1,228,354)	(1,253,315)
	<u>\$ 886,617</u>	<u>\$ 375,886</u>	<u>\$ 1,694,350</u>	<u>\$ 2,956,853</u>

C. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,833,298	\$ -	\$ -	\$ 4,833,298
Construction in progress	736,096	1,640,661	(1,783,929)	592,828
Total capital assets not being depreciated	<u>5,569,394</u>	<u>1,640,661</u>	<u>(1,783,929)</u>	<u>5,426,126</u>
Other capital assets:				
Buildings	13,751,478	-	-	13,751,478
Infrastructure	33,547,893	1,905,383	-	35,453,276
Improvements other than buildings	6,323,200	66,921	-	6,390,121
Machinery and equipment	14,912,930	166,697	(406,245)	14,673,382
Total other capital assets	<u>68,535,501</u>	<u>2,139,001</u>	<u>(406,245)</u>	<u>70,268,257</u>
Less accumulated depreciation for:				
Buildings	(8,493,101)	(492,106)	-	(8,985,207)
Infrastructure	(15,806,099)	(730,554)	-	(16,536,653)
Improvements other than buildings	(2,798,231)	(272,524)	-	(3,070,755)
Machinery and equipment	(9,792,182)	(810,406)	382,762	(10,219,826)
Total accumulated depreciation	<u>(36,889,613)</u>	<u>(2,305,590)</u>	<u>382,762</u>	<u>(38,812,441)</u>
Other capital assets, net	31,645,888	(166,589)	(23,483)	31,455,816
Governmental Activities Capital Assets, Net	<u>\$ 37,215,282</u>	<u>\$ 1,474,072</u>	<u>\$ (1,807,412)</u>	<u>36,881,942</u>
			Plus unspent bond proceeds	17,922
			Plus deferred charge on refunding	179,061
			Less associated debt	(7,790,662)
			Net Investment in Capital Assets	<u>\$ 29,288,263</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

Depreciation was charged to governmental functions as follows:

General government	\$	54,298
Public safety		746,643
Public services		921,138
Community services		69,288
Culture, parks, and recreation		299,711
Internal service fund		214,512
Total Governmental Activities Depreciation Expense		\$ 2,305,590

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 (FY2016)	\$ 782,716	\$ 278,893	\$ 503,823
Street Resurfacing amd Road Construction	192,462	179,840	12,622
Mustang Road Improvement Project	1,102,780	98,703	1,004,077
Total	\$ 2,077,958	\$ 557,436	\$ 1,520,522

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	\$	82,882
Sales tax capital projects fund		268,321
Internal service funds		200,064
Nonmajor governmental funds		17,918
Total	\$	569,185

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	85,000	750,755	(85,000)	750,755
Total capital assets not being depreciated	<u>1,526,367</u>	<u>750,755</u>	<u>(85,000)</u>	<u>2,192,122</u>
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	48,450,209	-	-	48,450,209
Improvements other than buildings	5,575,792	-	-	5,575,792
Machinery and equipment	2,647,225	200,351	-	2,847,576
Total other capital assets	<u>62,835,683</u>	<u>200,351</u>	<u>-</u>	<u>63,036,034</u>
Less accumulated depreciation for:				
Buildings	(4,347,727)	(151,335)	-	(4,499,062)
Infrastructure	(26,359,455)	(1,223,474)	-	(27,582,929)
Improvements other than buildings	(2,005,021)	(182,192)	-	(2,187,213)
Machinery and equipment	(1,253,286)	(131,884)	-	(1,385,170)
Total accumulated depreciation	<u>(33,965,489)</u>	<u>(1,688,885)</u>	<u>-</u>	<u>(35,654,374)</u>
Other capital assets, net	28,870,194	(1,488,534)	-	27,381,660
Business-Type Activities Capital Assets, Net	<u>\$ 30,396,561</u>	<u>\$ (737,779)</u>	<u>\$ (85,000)</u>	<u>29,573,782</u>
			Plus unspent bond proceeds	7,147,567
			Plus deferred charge on refunding	700,164
			Less associated debt	(22,515,791)
			Net Investment in Capital Assets	<u>\$ 14,905,721</u>

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,594,226
Sanitation	55,784
Emergency medical services	38,875
Total Business-Type Activities Depreciation Expense	<u>\$ 1,688,885</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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>
WWTP Upgrades	\$ 766,500	\$ 328,750	\$ 437,750
Dyche Lane Elevated Storage Tank	1,888,950	313,005	1,575,945
Total	\$ 2,655,450	\$ 641,755	\$ 2,013,695

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	\$ 67,362
Emergency management services fund	4,333
Total	\$ 71,695

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 4,303,667	\$ -	\$ (1,040,938)	\$ 3,262,729 *	\$ 485,255
Certificates of obligation	4,029,512	-	(92,420)	3,937,092 *	194,082
Deferred amounts:					
For issuance discounts/premiums	202,037	-	(13,246)	188,791 *	-
Capital leases	436,936	-	(34,886)	402,050 *	36,926
	<u>8,972,152</u>	<u>-</u>	<u>(1,181,490)</u>	<u>7,790,662</u>	<u>716,263</u>
Other liabilities:					
Net pension liability - TMRS	7,114,211	2,087,703	-	9,201,914	-
Net pension liability - TESRS	407,953	137,933	-	545,886	-
Compensated absences	605,874	517,927	(538,675)	585,126	526,615
Total Governmental Activities	\$ 17,100,190	\$ 2,743,563	\$ (1,720,165)	\$ 18,123,588	\$ 1,242,878
				<u>Long-term debt due in more than one year</u>	<u>\$ 16,880,710</u>
				*Debt associated with governmental activity capital assets	<u>\$ 7,790,662</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 13,401,339	\$ -	\$ (1,729,063)	\$ 11,672,276	* \$ 1,104,745
Certificates of obligation	10,330,488	-	(7,580)	10,322,908	* 545,918
Deferred amounts:					
For issuance discounts/premiums	551,210		(30,603)	520,607	*
	<u>24,283,037</u>	<u>-</u>	<u>(1,767,246)</u>	<u>22,515,791</u>	<u>1,650,663</u>
Other liabilities:					
Net pension obligation	1,961,420	529,088	-	2,490,508	-
Compensated absences	77,534	75,326	(79,257)	73,603	66,242
Total Business-Type Activities	<u>\$ 26,321,991</u>	<u>\$ 604,414</u>	<u>\$ (1,846,503)</u>	<u>\$ 25,079,902</u>	<u>\$ 1,716,905</u>
				<u>\$ 23,362,997</u>	
				<u>\$ 22,515,791</u>	

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

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general obligation, and contractual obligation bonds that 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 that 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 that 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, 2016

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 1,418,452
Series 2012 refunding	1.00-2.00%	1,124,277
Series 2013 tax note	1.59%	720,000
Total General Obligation Bonds		<u>3,262,729</u>
Certificates of Obligation		
Series 2011	3.00-4.00%	3,937,092
Total Certificates of Obligation		<u>3,937,092</u>
Capital Leases		
Fire truck	3.24%	370,450
Motorcycles	1.81%	31,600
Total Capital Leases		<u>402,050</u>
Total Governmental Activities Long-Term Debt		<u><u>\$ 7,601,871</u></u>

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
Series 2011 refunding	3.00-4.00%	\$ 1,571,553
Series 2012 refunding	1.00-2.00%	5,385,723
Series 2013 refunding	2.95%	4,715,000
Total General Obligation Bonds		<u>11,672,276</u>
Certificates of Obligation		
Series 2011	3.00-4.00%	322,908
Series 2015	2.00-4.00%	10,000,000
Total Certificates of Obligation		<u>10,322,908</u>
Total Business-Type Activities Long-Term Debt		<u><u>\$ 21,995,184</u></u>

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
2017	\$ 679,337	\$ 219,088	\$ 36,926	\$ 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	572,920	150,219	29,250	8,508	1,757,081	425,187
2022-2026	2,057,824	519,422	161,109	27,682	6,997,177	1,529,104
2027-2031	1,755,412	174,645	71,997	3,521	4,419,582	603,977
2032-2035	-	-	-	-	2,100,007	133,219
Total	<u>\$ 7,199,821</u>	<u>\$ 1,624,881</u>	<u>\$ 402,050</u>	<u>\$ 84,050</u>	<u>\$ 21,995,184</u>	<u>\$ 4,794,504</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 \$151,256, net \$353,805.

Federal Arbitrage

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

E. Interfund Transactions

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

	Due From	Due To
Nonmajor governmental	\$ 199	\$ -
Nonmajor governmental	-	199
	\$ 199	\$ 199

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

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

Transfer In	Transfer Out	Amounts
General	Utility	\$ 649,994
General	Sanitation	133,266
General	EMS	147,163
General	Sales tax	483,165
General	Nonmajor governmental	32,353
Utility	Sanitation	76,807
Nonmajor governmental	Nonmajor governmental	182,167
Nonmajor governmental	General	21,962
		\$ 1,726,877

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

F. Fund Equity

As of September 30, 2016, \$1,142,610 of the City's total fund balance is restricted by enabling legislation.

G. Restatement of Fund Balance/Net Position

The City has restated beginning fund balance for the reclassification of the general projects fund from the bond capital projects fund to the general fund. Beginning net position has been restated to capitalize prior year expenditures related to a construction in progress project.

Beginning fund balance/net position was restated as follows:

	<u>General</u>	<u>Bond Capital Projects</u>	<u>Governmental Activities</u>
Prior year ending net position	\$ 6,042,924	\$ 150,101	\$ 37,957,149
Restatement - unrecognized construction in progress	-	-	565,026
Reclassification of general projects fund	30,831	(30,831)	-
Beginning Net Position -Restated	<u>\$ 6,073,755</u>	<u>\$ 119,270</u>	<u>\$ 38,522,175</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 already collected, may constitute a liability of the applicable funds. The amounts of expenditures that 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 866 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 (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

	<u>2016</u>	<u>2015</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	50% of CPI

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

Employees Covered by Benefit Terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	114	
Inactive employees entitled to, but not yet receiving, benefits	192	
Active employees	214	
Total	520	

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 16.97 percent and 16.89 percent in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2016 were \$1,709,898, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2015 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year	
Overall payroll growth	3.00% per year	
Investment rate of return	6.75%, 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 Tables with Blue Collar Adjustment, 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 Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

younger members who become disabled. The rates are projects on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. 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. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7.00 percent to 6.75 percent. 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 weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation.

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the TPL was 6.75 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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 NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 1,616,487	\$ -	\$ 1,616,487
Interest	3,719,799	-	3,719,799
Change of benefit terms	-	-	-
Difference between expected and actual experience	(321,137)	-	(321,137)
Changes of assumptions	(1,849)	-	(1,849)
Contributions - employer	-	1,679,984	(1,679,984)
Contributions - employee	-	692,922	(692,922)
Net investment income	-	65,412	(65,412)
Benefit payments, including refunds of employee contributions	(2,146,679)	(2,146,679)	-
Administrative expense	-	(39,842)	39,842
Other changes	-	(1,967)	1,967
Net Changes	2,866,621	249,830	2,616,791
Balance at December 31, 2014	53,405,085	44,329,454	9,075,631
Balance at December 31, 2015	\$ 56,271,706	\$ 44,579,284	\$ 11,692,422

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 20,150,896	\$ 11,692,422	\$ 4,831,695

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.

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

For the fiscal year ended September 30, 2016, the City recognized net pension expense of \$2,069,952.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

At September 30, 2016, 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	\$ -	\$ 532,887
Changes in actuarial assumptions	-	1,338
Net difference between projected and actual investment earnings	2,752,140	-
Contributions subsequent to the measurement date	1,237,202	-
Total	\$ 3,989,342	\$ 534,225

\$1,237,202 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 NPL for the fiscal year ending September 30, 2017. 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
2017	\$ 487,840
2018	487,840
2019	634,706
2020	607,529
Total	\$ 2,217,915

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) and established and administered by the State of Texas (the "State") to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2015, there were 197 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 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

obtained at www.tesrs.org. The separately issued actuarial valuations that 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 (the "Board") authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by Board rule. The benefit provisions include retirement benefits, as well as death and disability benefits. Members are 50 percent vested after the tenth year of service, with the vesting percentage increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

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

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

Funding Policy

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of TESRS, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the TESRS contribution that directly impacts future retiree annuities.

The State is required to contribute an amount necessary to make TESRS "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 percentage of the Part One portion (not to exceed 15 percent), is to be actuarially adjusted near the end of each even-numbered calendar year based on the most recent actuarial valuation. Based on the actuarial valuation as of August 31, 2014, the Part Two contribution rate was zero percent, since the first actuarial valuation report after adoption of the rules showed TESRS to have an adequate contribution arrangement without any Part Two contributions.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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

A small subset of participating departments has a different contribution arrangement that 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 TESRS. 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 TESRS.

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, 2015, total contributions (dues, prior service, and interest on prior service financing) of \$96,600 were paid by the City. The State appropriated \$1,637,308 for the fiscal year ending August 31, 2015 to the plan as a whole.

Actuarial Assumptions

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

Actuarial Valuation Date	8/31/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Amortization Period	30 years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 80%/120% corridor on market value
Actuarial Assumptions:	
Investment Rate of Return*	7.75%
Projected Salary Increases	N/A
*Includes Inflation At	3.50%
Cost of Living Adjustments	None

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 (currently 4.45%) and by adding expected inflation (3.50%). In addition, the final 7.75 percent assumption reflected a reduction of 0.20 percent for adverse deviation.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Net Real Rate of Return
Equities		
Large cap domestic	32%	5.2%
Small cap domestic	10%	5.8%
Developed international	21%	5.5%
Emerging markets	6%	5.4%
Master limited partnership	5%	7.1%
Fixed income		
Domestic	21%	1.4%
International	5%	1.6%
Cash	0%	0.0%
Total	100%	
Weighted average		4.45%

Discount Rate

The discount rate used to measure the TPL was 7.75 percent. 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 TPL.

Discount Rate Sensitivity Analysis

The following presents the net pension liability (NPL) of the City, calculated using the discount rate of 7.75 percent, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one 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 NPL:	\$ 955,139	\$ 545,886	\$ 310,054

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

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

At August 31, 2015, the City reported a liability of \$545,886 for its proportionate share of TESRS's NPL. The amount recognized by the City as its proportionate share of the NPL, the related State support, and the total portion of the NPL that was associated with the City were as follows:

City's proportionate share of the collective NPL	\$	545,886
State's proportionate share that is associated with the City*		189,220
Total	\$	<u>735,106</u>

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2014 and rolled forward to August 31, 2015. GASB Statement No. 68 requires the NPL to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (nor did they provide the necessary information for the participants to roll forward) the NPL to be measured as of a date no earlier than the end of the City's prior fiscal year. 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 NPL measured as of August 31, 2015. The City used the assumption that any differences in the NPL measured as of August 31, 2015 versus September 30, 2015 would be immaterial. The employer's proportion of the NPL 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, 2014 through August 31, 2015.

At August 31, 2015, the employer's proportion of the collective NPL was 2.045 percent, which was a decrease of .20 percent from its proportion measured as of August 31, 2014.

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

There were no changes of benefit terms that affected measurement of the TPL during the measurement period.

For the year ended August 31, 2015, the City recognized pension expense of \$83,887. The City recognized on-behalf revenues of \$33,484 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

At August 31, 2015, the City reported its proportionate share of the TESRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 93,407	\$ -
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	8,016	48,347
Contributions paid to TESRS subsequent to the measurement date	104,650	-
Total	\$ 206,073	\$ 48,347

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

Year Ended September 30	Pension Expense
2017	\$ (11,688)
2018	(11,688)
2019	(11,688)
2020	(37,390)
2021	5,238
Thereafter	14,140
Total	\$ (53,076)

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2016, the City offered the supplemental death benefit to both active and retired employees.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

Contributions

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

The City's contributions to the TMRS SDBF for the fiscal years ended 2016, 2015, and 2014 were \$3,037, \$2,926, and \$2,852, respectively. The City's contribution rates for the past three years are shown below:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Deferred Compensation Plan

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2016

G. Industrial District Agreement

On November 21, 2013, the City entered into an industrial district agreement (the "Agreement") with one company that 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 \$676,447 related to this Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

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

For the Year Ended September 30, 2016

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 7,675,619	\$ 7,675,619	\$ 7,683,589	\$ 7,970
Sales taxes	2,136,840	2,136,840	2,200,742	63,902
Franchise fees and taxes	1,339,000	1,339,000	1,390,132	51,132
Other taxes	719,910	719,910	728,939	9,029
Licenses and permits	782,900	782,900	744,948	(37,952)
Fines and forfeitures	538,000	538,000	494,358	(43,642)
Charges for services	267,464	267,464	323,928	56,464
Intergovernmental	25,000	298,000	185,728	(112,272)
Investment revenue	5,000	5,000	26,691	21,691
Total Revenues	<u>13,489,733</u>	<u>13,762,733</u>	<u>13,779,055</u>	<u>16,322</u>
Expenditures				
General government:				
Administrative	2,162,256	2,164,893	2,115,445	49,448
City attorney	468,312	468,312	466,101	2,211
City manager	300,083	300,083	299,462	621
Finance	995,323	1,122,112	862,742	259,370
Economic development	152,816	308,374	311,363	(2,989) *
Total general government expenditures	<u>4,078,790</u>	<u>4,363,774</u>	<u>4,055,113</u>	<u>308,661</u>
Public safety:				
Police	6,890,445	6,900,437	6,686,295	214,142
Fire	959,250	959,701	889,560	70,141
Total public safety expenditures	<u>7,849,695</u>	<u>7,860,138</u>	<u>7,575,855</u>	<u>284,283</u>
Public services	954,728	954,728	912,306	42,422
Code enforcement	124,775	124,775	117,936	6,839
Culture, parks, and recreation	1,555,329	1,900,449	1,654,901	245,548
Capital outlay	120,000	352,768	302,421	50,347
Debt service:				
Principal	24,936	34,886	34,886	-
Interest	12,822	13,872	13,872	-
Total Expenditures	<u>14,721,075</u>	<u>15,605,390</u>	<u>14,667,290</u>	<u>938,100</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(1,231,342)</u>	<u>(1,842,657)</u>	<u>(888,235)</u>	<u>954,422</u>
Other Financing Sources (Uses)				
Transfers in	1,157,154	1,157,154	1,445,941	288,787
Transfers (out)	(21,962)	(21,962)	(21,962)	-
Total Other Financing Sources	<u>1,135,192</u>	<u>1,135,192</u>	<u>1,423,979</u>	<u>288,787</u>
Net Change in Fund Balance	<u>\$ (96,150)</u>	<u>\$ (707,465)</u>	<u>535,744</u>	<u>\$ 1,243,209</u>
Beginning fund balance			6,073,755	
Ending Fund Balance			<u>\$ 6,609,499</u>	

Notes to Required Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2016

	Measurement Year*	
	2014	2015
Total Pension Liability		
Service cost	\$ 1,460,829	\$ 1,616,487
Interest (on the total pension liability)	3,560,403	3,719,799
Difference between expected and actual experience	(576,076)	(321,137)
Change of assumptions	-	(1,849)
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)
Net Change in Total Pension Liability	<u>2,100,056</u>	<u>2,866,621</u>
Beginning total pension liability	<u>51,305,029</u>	<u>53,405,085</u>
Ending Total Pension Liability	<u>\$ 53,405,085</u>	<u>\$ 56,271,706</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 1,632,538	\$ 1,679,984
Contributions - employee	701,725	692,922
Net investment income	2,400,952	65,412
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)
Administrative expense	(25,065)	(39,842)
Other	(2,061)	(1,967)
Net Change in Plan Fiduciary Net Position	<u>2,362,989</u>	<u>249,830</u>
Beginning plan fiduciary net position	<u>41,966,465</u>	<u>44,329,454</u>
Ending Plan Fiduciary Net Position	<u>\$ 44,329,454</u>	<u>\$ 44,579,284</u>
Net Pension Liability	<u>\$ 9,075,631</u>	<u>\$ 11,692,422</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.01%	79.22%
Covered Employee Payroll	\$ 9,969,181	\$ 9,898,879
Net Pension Liability as a Percentage of Covered Employee Payroll	91.04%	118.12%

*Only two years of information is currently available. The City will build this schedule over the next eight-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, 2016

	Measurement Year*	
	2014	2015
City's proportion of the net pension liability	2.245%	2.045%
City's proportionate share of the net pension liability	\$ 407,953	\$ 545,886
State's proportionate share of the net pension liability	137,856	189,220
Total	\$ 545,809	\$ 735,106
Number of Active Members**	44	50
City's net pension liability per active member	\$ 9,272	\$ 10,918
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%

*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.

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, 2016

	Fiscal Year*		
	2014	2015	2016
Actuarially determined contribution	\$ 1,622,457	\$ 1,658,549	\$ 1,709,898
Contributions in relation to the actuarially determined contribution	1,537,110	1,636,064	1,709,898
Contribution deficiency**	<u>\$ 85,347</u>	<u>\$ 22,485</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 9,505,867</u>	<u>\$ 9,753,201</u>	<u>\$ 10,123,318</u>
Contributions as a percentage of covered employee payroll	16.17%	16.77%	16.89%

*Only three years of information is currently available. The City will build this schedule over the next seven 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	30 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
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, 2016

	Fiscal Year*		
	2014	2015	2016
Contractually required contribution	\$ 101,675	\$ 96,600	\$ 104,650
Contributions in relation to the contractually required contribution	<u>101,675</u>	<u>96,600</u>	<u>104,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	44	44	50
Contributions per active member	2,311	2,195	2,093

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

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

(This page intentionally left blank.)

***COMBINING STATEMENTS
AND SCHEDULES***

(This page intentionally left blank.)

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, 2016

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,362,682	\$ 1,362,682	\$ 1,368,678	\$ 5,996
Investment revenue	-	-	56	56
Total Revenues	<u>1,362,682</u>	<u>1,362,682</u>	<u>1,368,734</u>	<u>6,052</u>
Expenditures				
Debt service:				
Principal	1,112,008	1,112,008	1,112,008	-
Interest and fiscal agent fees	240,715	240,715	238,908	1,807
Total Expenditures	<u>1,352,723</u>	<u>1,352,723</u>	<u>1,350,916</u>	<u>1,807</u>
Net Change in Fund Balance	<u>\$ 9,959</u>	<u>\$ 9,959</u>	17,818	<u>\$ 7,859</u>
Beginning fund balance			<u>74,833</u>	
Ending Fund Balance			<u>\$ 92,651</u>	

(This page intentionally left blank.)

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.

Sidewalk Fund

This fund is used to account for fees that are restricted for sidewalk projects.

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, 2016

	Special Revenue Funds			
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 766,304	\$ 58,058	\$ 133,039	\$ 12,048
Receivables, net	50,700	310	-	-
Due from other funds	-	-	-	-
	-	-	-	-
Total Assets	\$ 817,004	\$ 58,368	\$ 133,039	\$ 12,048
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 34,129	\$ 1,225	\$ -	\$ -
Due to other funds	-	-	-	-
	-	-	-	-
Total Liabilities	34,129	1,225	-	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	-
Enabling legislation	782,875	-	133,039	12,048
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	57,143	-	-
	-	57,143	-	-
Total Fund Balances	782,875	57,143	133,039	12,048
Total Liabilities and Fund Balances	\$ 817,004	\$ 58,368	\$ 133,039	\$ 12,048

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>
\$ 95,559	\$ 62,005	\$ 4,208	\$ 67,906	\$ 200,563	\$ 5,177
3	-	-	-	14,085	-
-	-	-	-	-	-
<u>\$ 95,562</u>	<u>\$ 62,005</u>	<u>\$ 4,208</u>	<u>\$ 67,906</u>	<u>\$ 214,648</u>	<u>\$ 5,177</u>
\$ 1,551	\$ 701	\$ 316	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>1,551</u>	<u>701</u>	<u>316</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	214,648	-
-	-	-	-	-	5,177
-	-	-	-	-	-
-	-	-	-	-	-
<u>94,011</u>	<u>61,304</u>	<u>3,892</u>	<u>67,906</u>	<u>-</u>	<u>-</u>
<u>94,011</u>	<u>61,304</u>	<u>3,892</u>	<u>67,906</u>	<u>214,648</u>	<u>5,177</u>
<u>\$ 95,562</u>	<u>\$ 62,005</u>	<u>\$ 4,208</u>	<u>\$ 67,906</u>	<u>\$ 214,648</u>	<u>\$ 5,177</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2016

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	Sidewalk
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 25,141	\$ 1,718	\$ 321,785	\$ 1,606
Receivables, net	-	-	-	-
Due from other funds	199	-	-	-
Total Assets	\$ 25,340	\$ 1,718	\$ 321,785	\$ 1,606
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	199	-
Total Liabilities	-	-	199	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	1,606
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	25,340	1,718	321,586	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Total Fund Balances	25,340	1,718	321,586	1,606
Total Liabilities and Fund Balances	\$ 25,340	\$ 1,718	\$ 321,785	\$ 1,606

<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>
\$ 17,922	\$ -	\$ 526,879	\$ 2,299,918
-	-	-	65,098
-	-	-	199
<u>\$ 17,922</u>	<u>\$ -</u>	<u>\$ 526,879</u>	<u>\$ 2,365,215</u>
\$ -	\$ -	\$ 1,963	\$ 39,885
-	-	-	199
-	-	1,963	40,084
-	-	50,000	50,000
-	-	-	1,606
-	-	-	1,142,610
-	-	-	353,821
17,922	-	-	17,922
-	-	474,916	474,916
-	-	-	284,256
<u>17,922</u>	<u>-</u>	<u>524,916</u>	<u>2,325,131</u>
<u>\$ 17,922</u>	<u>\$ -</u>	<u>\$ 526,879</u>	<u>\$ 2,365,215</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, 2016

	<u>Special Revenue Funds</u>			
	<u>Hotel/ Motel</u>	<u>Special Investigation</u>	<u>Court Building Security</u>	<u>Municipal Court Technology</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise and local taxes	326,384	-	-	-
Fines and forfeitures	-	-	9,718	12,958
Charges for services	-	-	-	-
Intergovernmental	-	8,045	-	-
Investment revenue	9,438	188	428	37
Other revenue	-	61,105	-	-
Total Revenues	<u>335,822</u>	<u>69,338</u>	<u>10,146</u>	<u>12,995</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	29,500	2,625	11,839
Community services	260,128	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	21,350	-	-	-
Interest and fiscal charges	1,903	-	-	-
Total Expenditures	<u>283,381</u>	<u>29,500</u>	<u>2,625</u>	<u>11,839</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>52,441</u>	<u>39,838</u>	<u>7,521</u>	<u>1,156</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	52,441	39,838	7,521	1,156
Beginning fund balances	<u>730,434</u>	<u>17,305</u>	<u>125,518</u>	<u>10,892</u>
Ending Fund Balances	<u>\$ 782,875</u>	<u>\$ 57,143</u>	<u>\$ 133,039</u>	<u>\$ 12,048</u>

Special Revenue Funds

Donation	Juvenile Case Manager	Senior	Park Dedication	Comcast PEG Fees	TIRZ No. 1
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,133
-	-	-	-	59,404	-
-	-	-	-	-	-
-	-	-	-	-	-
53,249	-	-	-	-	-
83	232	36	-	595	-
-	19,341	6,468	49,200	-	-
<u>53,332</u>	<u>19,573</u>	<u>6,504</u>	<u>49,200</u>	<u>59,999</u>	<u>5,133</u>
5,891	-	-	-	-	-
8,812	20,559	-	-	-	-
-	-	7,301	-	-	-
10,110	-	-	-	-	-
-	-	-	14,953	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,813</u>	<u>20,559</u>	<u>7,301</u>	<u>14,953</u>	<u>-</u>	<u>-</u>
<u>28,519</u>	<u>(986)</u>	<u>(797)</u>	<u>34,247</u>	<u>59,999</u>	<u>5,133</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>28,519</u>	<u>(986)</u>	<u>(797)</u>	<u>34,247</u>	<u>59,999</u>	<u>5,133</u>
<u>65,492</u>	<u>62,290</u>	<u>4,689</u>	<u>33,659</u>	<u>154,649</u>	<u>44</u>
<u>\$ 94,011</u>	<u>\$ 61,304</u>	<u>\$ 3,892</u>	<u>\$ 67,906</u>	<u>\$ 214,648</u>	<u>\$ 5,177</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, 2016

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	Sidewalk
Revenues				
Property taxes	\$ 191,545	\$ -	\$ -	\$ -
Franchise and local taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	1,606
Intergovernmental	-	-	-	-
Investment revenue	-	-	135	-
Other revenue	-	-	-	-
Total Revenues	<u>191,545</u>	<u>-</u>	<u>135</u>	<u>1,606</u>
Expenditures				
Current:				
General government	-	-	73,591	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>73,591</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>191,545</u>	<u>-</u>	<u>(73,456)</u>	<u>1,606</u>
Other Financing Sources (Uses)				
Transfer in	-	-	182,167	-
Transfers (out)	(181,968)	-	(199)	-
Total Other Financing Sources (Uses)	<u>(181,968)</u>	<u>-</u>	<u>181,968</u>	<u>-</u>
Net Change in Fund Balances	9,577	-	108,512	1,606
Beginning fund balances	15,763	1,718	213,074	-
Ending Fund Balances	<u>\$ 25,340</u>	<u>\$ 1,718</u>	<u>\$ 321,586</u>	<u>\$ 1,606</u>

<u>Capital Projects Fund</u>		<u>Permanent Fund</u>	
<u>Bond Capital Projects</u>	<u>Tax Note Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 196,678
-	-	-	385,788
-	-	-	22,676
-	-	84,900	86,506
-	-	-	61,294
142	12	1,392	12,718
-	-	-	136,114
<u>142</u>	<u>12</u>	<u>86,292</u>	<u>901,774</u>
-	-	-	79,482
-	-	-	73,335
-	-	34,331	301,760
-	-	-	10,110
101,490	-	-	116,443
-	-	-	21,350
-	-	-	1,903
<u>101,490</u>	<u>-</u>	<u>34,331</u>	<u>604,383</u>
<u>(101,348)</u>	<u>12</u>	<u>51,961</u>	<u>297,391</u>
-	-	21,962	204,129
-	(13)	(32,340)	(214,520)
-	(13)	(10,378)	(10,391)
(101,348)	(1)	41,583	287,000
<u>119,270</u>	<u>1</u>	<u>483,333</u>	<u>2,038,131</u>
<u>\$ 17,922</u>	<u>\$ -</u>	<u>\$ 524,916</u>	<u>\$ 2,325,131</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, 2016

Hotel/Motel				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 312,251	\$ 312,251	\$ 326,384	\$ 14,133
Investment revenue	9,300	9,300	9,438	138
Total Revenues	321,551	321,551	335,822	14,271
Expenditures				
Current:				
Community services	295,739	296,619	260,128	36,491
Debt Service:				
Principal	21,350	21,350	21,350	-
Interest and fiscal charges	1,903	1,903	1,903	-
Total Expenditures	318,992	319,872	283,381	36,491
Net Change in Fund Balance	\$ 2,559	\$ 1,679	52,441	\$ 50,762
Beginning fund balance			730,434	
Ending Fund Balance			\$ 782,875	

Special Investigation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 8,045	\$ (91,955)
Investment revenue	200	200	188	(12)
Other revenue	30,000	30,000	61,105	31,105
Total Revenues	130,200	130,200	69,338	(60,862)
Expenditures				
Current:				
Public safety	15,000	29,560	29,500	60
Net Change in Fund Balance	\$ 115,200	\$ 100,640	39,838	\$ (60,802)
Beginning fund balance			17,305	
Ending Fund Balance			\$ 57,143	

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, 2016

Court Building Security				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 12,000	\$ 12,000	\$ 9,718	\$ (2,282)
Investment revenue	200	200	428	228
Total Revenues	12,200	12,200	10,146	(2,054)
Expenditures				
Current:				
Public safety	9,000	9,000	2,625	6,375
Capital outlay	-	10,000	-	10,000
Total Expenditures	9,000	19,000	2,625	16,375
Net Change in Fund Balance	\$ 3,200	\$ (6,800)	7,521	\$ 14,321
Beginning fund balance			125,518	
Ending Fund Balance			\$ 133,039	

Municipal Court Technology				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 17,000	\$ 17,000	\$ 12,958	\$ (4,042)
Investment revenue	20	20	37	17
Total Revenues	17,020	17,020	12,995	(4,025)
Expenditures				
Current:				
Public safety	13,710	13,710	11,839	1,871
Total Expenditures	13,710	13,710	11,839	1,871
Net Change in Fund Balance	\$ 3,310	\$ 3,310	1,156	\$ (2,154)
Beginning fund balance			10,892	
Ending Fund Balance			\$ 12,048	

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, 2016

	Donation			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Intergovernmental	\$ -	\$ 31,250	\$ 53,249	\$ 21,999
Investment revenue	-	-	83	83
Total Revenues	-	31,250	53,332	22,082
Expenditures				
Current:				
General government	-	5,891	5,891	-
Public safety	-	8,531	8,812	(281) *
Culture, parks, and recreation	-	10,110	10,110	-
Total Expenditures	-	24,532	24,813	(281)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 6,718</u>	28,519	<u>\$ 21,801</u>
Beginning fund balance			65,492	
Ending Fund Balance			<u>\$ 94,011</u>	

	Juvenile Case Manager			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Investment revenue	\$ 150	\$ 150	\$ 232	\$ 82
Other revenue	22,000	22,000	19,341	(2,659)
Total Revenues	22,150	22,150	19,573	(2,577)
Expenditures				
Current:				
Public safety	24,478	24,478	20,559	3,919
Total Expenditures	24,478	24,478	20,559	3,919
Net Change in Fund Balance	<u>\$ (2,328)</u>	<u>\$ (2,328)</u>	(986)	<u>\$ 1,342</u>
Beginning fund balance			62,290	
Ending Fund Balance			<u>\$ 61,304</u>	

Notes to Supplementary Information:

1. *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
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2016

Senior				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 20	\$ 20	\$ 36	\$ 16
Other revenue	10,000	10,000	6,468	(3,532)
Total Revenues	10,020	10,020	6,504	(3,516)
Expenditures				
Current:				
Community services	10,000	10,000	7,301	2,699
Total Expenditures	10,000	10,000	7,301	2,699
Net Change in Fund Balance	\$ 20	\$ 20	(797)	\$ (817)
Beginning fund balance			4,689	
Ending Fund Balance			\$ 3,892	

Park Dedication				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ -	\$ -	\$ 49,200	\$ 49,200
Total Revenues	-	-	49,200	49,200
Expenditures				
Current:				
Capital outlay	9,000	23,953	14,953	9,000
Total Expenditures	9,000	23,953	14,953	9,000
Net Change in Fund Balance	\$ (9,000)	\$ (23,953)	34,247	\$ 58,200
Beginning fund balance			33,659	
Ending Fund Balance			\$ 67,906	

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, 2016

Comcast PEG Fees				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 50,000	\$ 50,000	\$ 59,404	\$ 9,404
Investment revenue	200	200	595	395
Total Revenues	50,200	50,200	59,999	9,799
Net Change in Fund Balance	\$ 50,200	\$ 50,200	59,999	\$ 9,799
Beginning fund balance			154,649	
Ending Fund Balance			\$ 214,648	

TIRZ No. 2				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 207,709	\$ 207,709	\$ 191,545	\$ (16,164)
Total Revenues	207,709	207,709	191,545	(16,164)
Other Financing (Uses)				
Transfers (out)	(197,323)	(197,323)	(181,968)	15,355
Total Other Financing (Uses)	(197,323)	(197,323)	(181,968)	15,355
Net Change in Fund Balance	\$ 10,386	\$ 10,386	9,577	\$ (809)
Beginning fund balance			15,763	
Ending Fund Balance			\$ 25,340	

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, 2016

Kendall Lakes TIRZ Redevelopment Authority				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 200	\$ 200	\$ 135	\$ (65)
Total Revenues	200	200	135	(65)
Expenditures				
Current:				
General government	108,149	108,149	73,591	34,558
Total Expenditures	108,149	108,149	73,591	34,558
(Deficiency) of Revenues (Under) Expenditures	(107,949)	(107,949)	(73,456)	34,493
Other Financing Sources (Uses)				
Transfers in	197,323	197,323	182,167	(15,156)
Transfers (out)	-	-	(199)	(199) *
Total Other Financing Sources	197,323	197,323	181,968	(15,355)
Net Change in Fund Balance	\$ 89,374	\$ 89,374	108,512	\$ 19,138
Beginning fund balance			213,074	
Ending Fund Balance			\$ 321,586	

Notes to Supplementary Information:

1. *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
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended September 30, 2016

Cemetery				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 38,600	\$ 38,600	\$ 84,900	\$ 46,300
Investment revenue	250	250	1,392	1,142
Total Revenues	38,850	38,850	86,292	47,442
Expenditures				
Current:				
Community services	35,084	38,684	34,331	4,353
Total Expenditures	35,084	38,684	34,331	4,353
Excess of Revenues Over Expenditures	3,766	166	51,961	51,795
Other Financing Sources (Uses)				
Transfers in	21,962	21,962	21,962	-
Transfers (out)	(31,077)	(31,077)	(32,340)	(1,263) *
Total Other Financing (Uses)	(9,115)	(9,115)	(10,378)	(1,263)
Net Change in Fund Balance	\$ (5,349)	\$ (8,949)	41,583	\$ 50,532
Beginning fund balance			483,333	
Ending Fund Balance			\$ 524,916	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2016

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, 2016

	Central Shop	Vehicle Replacement	IT Maintenance	Computer Replacement
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 333,986	\$ 2,026,047	\$ 456,438	\$ 221,323
Inventory	25,860	-	-	-
Total Current Assets	<u>359,846</u>	<u>2,026,047</u>	<u>456,438</u>	<u>221,323</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,188,690	-	18,542
Less: accumulated depreciation	(31,671)	(2,069,134)	-	(2,472)
Total Capital Assets (Net of Accumulated Depreciation)	<u>41,455</u>	<u>1,119,556</u>	<u>-</u>	<u>16,070</u>
Total Noncurrent Assets	<u>41,455</u>	<u>1,119,556</u>	<u>-</u>	<u>16,070</u>
Total Assets	<u>401,301</u>	<u>3,145,603</u>	<u>456,438</u>	<u>237,393</u>
<u>Deferred Outflow of Resources</u>				
Deferred outflows - pensions	61,595	-	36,599	-
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	20,305	-	8,966	-
Compensated absences	3,678	-	10,765	-
Total Current Liabilities	<u>23,983</u>	<u>-</u>	<u>19,731</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	409	-	1,196	-
Net pension liability	179,074	-	75,048	-
Total Noncurrent Liabilities	<u>179,483</u>	<u>-</u>	<u>76,244</u>	<u>-</u>
Total Liabilities	<u>203,466</u>	<u>-</u>	<u>95,975</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>				
Deferred inflows - pensions	8,330	-	3,486	-
<u>Net Position</u>				
Net investment in capital assets	41,455	1,119,556	-	16,070
Unrestricted	209,645	2,026,047	393,576	221,323
Total Net Position	<u>\$ 251,100</u>	<u>\$ 3,145,603</u>	<u>\$ 393,576</u>	<u>\$ 237,393</u>

**Internal
Service Funds
Total**

\$ 3,037,794
25,860
3,063,654

7,754
3,272,604
(2,103,277)

1,177,081
1,177,081
4,240,735

98,194

29,271
14,443
43,714

1,605
254,122
255,727
299,441

11,816

1,177,081
2,850,591

\$ 4,027,672

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2016

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 705,539	\$ 469,502	\$ 518,729	\$ 67,700
Other revenue	2,922	70,991	-	-
Total Operating Revenues	<u>708,461</u>	<u>540,493</u>	<u>518,729</u>	<u>67,700</u>
<u>Operating Expenses</u>				
Personnel services	217,420	-	-	-
Supplies	421,001	33,309	401,077	53,528
Depreciation	4,246	208,412	-	1,854
Total Operating Expenses	<u>642,667</u>	<u>241,721</u>	<u>401,077</u>	<u>55,382</u>
Operating Income	<u>65,794</u>	<u>298,772</u>	<u>117,652</u>	<u>12,318</u>
<u>Nonoperating Revenues (Expenses)</u>				
Gain on sale of capital assets	-	3,728	-	-
Investment revenue	350	5,675	-	-
Total Nonoperating Revenues	<u>350</u>	<u>9,403</u>	<u>-</u>	<u>-</u>
Change in Net Position	66,144	308,175	117,652	12,318
Beginning net position	<u>184,956</u>	<u>2,837,428</u>	<u>275,924</u>	<u>225,075</u>
Ending Net Position	<u>\$ 251,100</u>	<u>\$ 3,145,603</u>	<u>\$ 393,576</u>	<u>\$ 237,393</u>

**Internal
Service Funds
Total**

\$ 1,761,470
73,913
1,835,383

217,420
908,915
214,512
1,340,847

494,536

3,728
6,025
9,753

504,289
3,523,383

\$ 4,027,672

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2016

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 734,865	\$ 540,493	\$ 518,729	\$ 67,700
Payments to suppliers	(427,431)	(33,309)	(406,955)	(53,528)
Payments to employees	(216,433)	-	10,910	-
Net Cash Provided by Operating Activities	<u>91,001</u>	<u>507,184</u>	<u>122,684</u>	<u>14,172</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Interfund loan payments received	-	93	-	-
Interest received on interfund loan	-	9	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>102</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	23,482	-	-
Proceeds from sale of capital assets	-	3,728	-	-
Net Cash Provided by Capital and Related Financing Activities	<u>-</u>	<u>27,210</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	350	5,666	-	-
Net Cash Provided by Investing Activities	<u>350</u>	<u>5,666</u>	<u>-</u>	<u>-</u>
Net Increase in Cash and Equity in Pooled Cash and Investments	91,351	540,162	122,684	14,172
Beginning cash and equity in pooled cash and investments	242,635	1,485,885	333,754	207,151
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 333,986</u>	<u>\$ 2,026,047</u>	<u>\$ 456,438</u>	<u>\$ 221,323</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 65,794	\$ 298,772	\$ 117,652	\$ 12,318
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,246	208,412	-	1,854
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	16,670	-	-	-
Deferred outflows - pensions	(36,045)	-	(27,023)	-
Inventories	9,734	-	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(6,430)	-	(5,878)	-
Net pension liability	40,342	-	25,053	-
Deferred inflows - pensions	1,480	-	919	-
Compensated absences	(4,790)	-	11,961	-
Net Cash Provided by Operating Activities	<u>\$ 91,001</u>	<u>\$ 507,184</u>	<u>\$ 122,684</u>	<u>\$ 14,172</u>

**Internal
Service Funds
Total**

\$ 1,861,787
(921,223)
(205,523)
735,041

93
9
102

23,482
3,728

27,210

6,016
6,016

768,369
2,269,425
\$ 3,037,794

\$ 494,536

214,512

16,670
(63,068)
9,734

(12,308)
65,395
2,399
7,171

\$ 735,041

(This page intentionally left blank.)

***OTHER
STATEMENTS***

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS
CONSOLIDATED BALANCE SHEET
GENERAL FUND - SUB-FUNDS
September 30, 2016

	<u>General</u>	<u>Fire Capital</u>	<u>General Projects</u>	<u>Total General Fund</u>
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 6,017,657	\$ 153,132	\$ 146,215	\$ 6,317,004
Receivables, net	1,141,467	-	-	1,141,467
Prepaid items	22,903	-	-	22,903
Total Assets	<u>\$ 7,182,027</u>	<u>\$ 153,132</u>	<u>\$ 146,215</u>	<u>\$ 7,481,374</u>
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 468,084	\$ -	\$ -	\$ 468,084
Due to others	71,045	-	-	71,045
Total Liabilities	<u>539,129</u>	<u>-</u>	<u>-</u>	<u>539,129</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	332,746	-	-	332,746
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	22,903	-	-	22,903
Assigned to:				
Special projects	145,000	-	146,215	291,215
Compensated absences	585,126	-	-	585,126
Unassigned	5,557,123	153,132	-	5,710,255
Total Fund Balances	<u>6,310,152</u>	<u>153,132</u>	<u>146,215</u>	<u>6,609,499</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,182,027</u>	<u>\$ 153,132</u>	<u>\$ 146,215</u>	<u>\$ 7,481,374</u>

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2016

	General	Fire Capital	General Projects	Total General Fund
Revenues				
Property taxes	\$ 7,683,589	\$ -	\$ -	\$ 7,683,589
Sales taxes	2,200,742	-	-	2,200,742
Franchise fees and taxes	1,390,132	-	-	1,390,132
Other taxes	728,939	-	-	728,939
Licenses and permits	744,948	-	-	744,948
Fines and forfeitures	494,358	-	-	494,358
Charges for services	270,843	53,085	-	323,928
Intergovernmental	185,728	-	-	185,728
Investment revenue	26,691	-	-	26,691
Total Revenues	13,725,970	53,085	-	13,779,055
Expenditures				
Current:				
General government	4,055,113	-	-	4,055,113
Public safety	7,575,855	-	-	7,575,855
Public services	912,306	-	-	912,306
Community services	117,936	-	-	117,936
Culture, parks, and recreation	1,654,901	-	-	1,654,901
Capital outlay	276,619	-	25,802	302,421
Debt service				
Principal	9,951	24,936	-	34,887
Interest	1,049	12,822	-	13,871
Total Expenditures	14,603,730	37,758	25,802	14,667,290
Excess (Deficiency) of Revenues Over (Under) Expenditures	(877,760)	15,327	(25,802)	(888,235)
Other Financing Sources (Uses)				
Transfers in	1,304,755	-	141,186	1,445,941
Transfers out	(21,962)	-	-	(21,962)
Total Other Financing Sources	1,282,793	-	141,186	1,423,979
Net Change in Fund Balances	405,033	15,327	115,384	535,744
Beginning fund balances	5,905,119	137,805	30,831	6,073,755
Ending Fund Balances	\$ 6,310,152	\$ 153,132	\$ 146,215	\$ 6,609,499

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 1 of 2)
September 30, 2016

<u>Assets</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>2006B Certificates of Obligation</u>	<u>2008 Certificates of Obligation</u>
Current assets				
Cash and equity in pooled cash and investments	\$ 2,498,609	\$ 6,479,258	\$ -	\$ -
Investments	-	500,517	-	-
Accounts receivable (net of allowance for uncollectibles)	-	886,617	-	-
Inventory	-	111,075	-	-
Restricted cash, cash equivalents, and investments:				
Construction	-	-	86,885	2,527
Customer deposits	-	1,157,005	-	-
Total Current Assets	<u>2,498,609</u>	<u>9,134,472</u>	<u>86,885</u>	<u>2,527</u>
Capital assets:				
Land	-	937,829	-	-
Buildings	-	5,523,533	-	-
Improvements	-	1,997,154	360,309	570,842
Infrastructure	-	43,127,846	3,963,806	1,343,215
Equipment	-	2,033,200	215,578	-
Construction in progress	313,005	-	-	-
Less allowance for depreciation	-	(32,968,423)	-	-
Total Capital Assets (Net)	<u>313,005</u>	<u>20,651,139</u>	<u>4,539,693</u>	<u>1,914,057</u>
Total Noncurrent Assets	<u>313,005</u>	<u>20,651,139</u>	<u>4,539,693</u>	<u>1,914,057</u>
Total Assets	<u>2,811,614</u>	<u>29,785,611</u>	<u>4,626,578</u>	<u>1,916,584</u>
Deferred Outflows of Resources				
Deferred outflows - pensions	-	442,625	-	-
Deferred charge on refunding	-	697,034	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>1,139,659</u>	<u>-</u>	<u>-</u>

<u>2015 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ 8,977,867
-	500,517
-	886,617
-	111,075
7,058,155	7,147,567
-	1,157,005
<u>7,058,155</u>	<u>18,780,648</u>
-	937,829
-	5,523,533
-	2,928,305
-	48,434,867
85,000	2,333,778
437,750	750,755
-	<u>(32,968,423)</u>
<u>522,750</u>	<u>27,940,644</u>
<u>522,750</u>	<u>27,940,644</u>
<u>7,580,905</u>	<u>46,721,292</u>
-	442,625
-	<u>697,034</u>
<u>-</u>	<u>1,139,659</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER & SEWER FUND - SUB-FUNDS (Page 2 of 2)
September 30, 2016

	Impact Fees	Utility	2006B Certificates of Obligation	2008 Certificates of Obligation
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 50,710	\$ 111,005	\$ 16,074	\$ -
Accrued interest payable	-	235,772	-	-
Bonds payable - current	-	1,638,006	-	-
Compensated absences	-	40,667	-	-
Current Liabilities Payable From Restricted Assets				
Customer deposits	-	1,157,005	-	-
Total Current Liabilities	50,710	3,182,455	16,074	-
Noncurrent liabilities				
Bonds payable, net of deferred charges	-	20,691,491	-	-
Compensated absences	-	4,519	-	-
Net pension liability	-	1,316,177	-	-
Total Noncurrent Liabilities	-	22,012,187	-	-
Total Liabilities	50,710	25,194,642	16,074	-
Deferred Inflows of Resources				
Deferred inflows - pensions	-	60,034	-	-
Net Position				
Net investment in capital assets	313,005	6,166,242	4,539,693	1,914,057
Unrestricted net position	2,447,899	(495,648)	70,811	2,527
Total Net Position	\$ 2,760,904	\$ 5,670,594	\$ 4,610,504	\$ 1,916,584

<u>2015 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ 33,750	\$ 211,539
-	235,772
-	1,638,006
-	40,667
-	<u>1,157,005</u>
<u>33,750</u>	<u>3,282,989</u>
-	20,691,491
-	4,519
-	<u>1,316,177</u>
-	<u>22,012,187</u>
<u>33,750</u>	<u>25,295,176</u>
-	<u>60,034</u>
522,750	13,455,747
<u>7,024,405</u>	<u>9,049,994</u>
<u>\$ 7,547,155</u>	<u>\$ 22,505,741</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, 2016

	Impact Fees	Utility	2006B Certificates of Obligation	2008 Certificates of Obligation
<u>Operating Revenues</u>				
Water service	\$ -	\$ 3,502,366	\$ -	\$ -
Sewer service	-	3,761,930	-	-
Other revenue	364,985	14,580	-	-
Total Operating Revenues	364,985	7,278,876	-	-
<u>Operating Expenses</u>				
Water service	99,176	1,539,132	-	44,775
Sewer service	-	2,329,584	-	-
Depreciation	-	1,594,226	-	-
Total Operating Expenses	99,176	5,462,942	-	44,775
Operating Income (Loss)	265,809	1,815,934	-	(44,775)
Investment revenue	8,922	27,072	-	-
Interest and fiscal agent fees	-	(615,029)	-	-
Total Nonoperating Revenues (Expenses)	8,922	(587,957)	-	-
Income (Loss) Before Contributions and Transfers	274,731	1,227,977	-	(44,775)
<u>Contributions and Transfers</u>				
Capital contribution	-	-	-	-
Transfers in	-	76,807	-	-
Transfers (out)	-	(649,994)	-	-
Total Contributions and Transfers	-	(573,187)	-	-
Change in Net Position	274,731	654,790	-	(44,775)
Beginning net position	2,486,173	5,015,804	4,610,504	1,961,359
Ending Net Position	\$ 2,760,904	\$ 5,670,594	\$ 4,610,504	\$ 1,916,584

<u>2015 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ 3,502,366
-	3,761,930
-	379,565
<u>-</u>	<u>7,643,861</u>
1,484,048	3,167,131
-	2,329,584
-	1,594,226
<u>1,484,048</u>	<u>7,090,941</u>
<u>(1,484,048)</u>	<u>552,920</u>
27,540	63,534
-	(615,029)
<u>27,540</u>	<u>(551,495)</u>
<u>(1,456,508)</u>	<u>1,425</u>
-	-
-	76,807
-	(649,994)
-	(573,187)
<u>(1,456,508)</u>	<u>(571,762)</u>
<u>9,003,663</u>	<u>23,077,503</u>
<u>\$ 7,547,155</u>	<u>\$ 22,505,741</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, 2016

	<u>Impact Fees</u>	<u>Utility</u>	<u>2006B Certificates of Obligation</u>	<u>2008 Certificates of Obligation</u>
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 364,985	\$ 7,476,734	\$ -	\$ -
Payments to suppliers	(48,466)	(1,921,062)	16,074	(44,775)
Payments to employees	-	(1,914,487)	-	-
Net Cash Provided (Used) by Operating Activities	316,519	3,641,185	16,074	(44,775)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	-	76,807	-	-
Transfer to other funds	-	(649,994)	-	-
Net Cash (Used) by Noncapital Financing Activities	-	(573,187)	-	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(313,005)	(17,295)	(16,075)	-
Interest and fiscal agent fees paid	-	(645,216)	-	-
Principal paid on capital debt	-	(1,702,438)	-	-
Net Cash (Used) by Capital and Related Financing Activities	(313,005)	(2,364,949)	(16,075)	-
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	-	248,065	-	-
Purchase of investments	-	(248,000)	-	-
Interest on investments	8,922	27,072	-	-
Net Cash Provided by Investing Activities	8,922	27,137	-	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	12,436	730,186	(1)	(44,775)
Beginning cash and equity in pooled cash and investments	2,486,173	6,906,077	86,886	47,302
Ending Cash and Equity in Pooled Cash and Investments	\$ 2,498,609	\$ 7,636,263	\$ 86,885	\$ 2,527
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 2,498,609	\$ 6,479,258	\$ -	\$ -
Restricted cash and equity in pooled cash and investments	-	1,157,005	86,885	2,527
	\$ 2,498,609	\$ 7,636,263	\$ 86,885	\$ 2,527

<u>2015 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ 7,841,719
(1,691,073)	(3,689,302)
-	(1,914,487)
<u>(1,691,073)</u>	<u>2,237,930</u>
-	76,807
-	<u>(649,994)</u>
-	<u>(573,187)</u>
(437,750)	(784,125)
-	(645,216)
-	(1,702,438)
<u>(437,750)</u>	<u>(3,131,779)</u>
-	248,065
-	(248,000)
<u>27,540</u>	<u>63,534</u>
<u>27,540</u>	<u>63,599</u>
(2,101,283)	(1,403,437)
<u>9,159,438</u>	<u>18,685,876</u>
<u>\$ 7,058,155</u>	<u>\$ 17,282,439</u>
\$ -	\$ 8,977,867
<u>7,058,155</u>	<u>8,304,572</u>
<u>\$ 7,058,155</u>	<u>\$ 17,282,439</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, 2016

	<u>Impact Fees</u>	<u>Utility</u>	<u>2006B Certificates of Obligation</u>	<u>2008 Certificates of Obligation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 265,809	\$ 1,815,934	\$ -	\$ (44,775)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	1,594,226	-	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	-	157,463	-	-
Deferred outflows - pensions	-	(206,358)	-	-
Inventories	-	(11,712)	-	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	50,710	(41,366)	16,074	-
Accrued interest payable	-	(4,239)	-	-
Deferred inflows - pensions	-	10,626	-	-
Compensated absences	-	(3,560)	-	-
Customer deposits	-	40,395	-	-
Net pension liability	-	289,776	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 316,519</u>	<u>\$ 3,641,185</u>	<u>\$ 16,074</u>	<u>\$ (44,775)</u>

<u>2015 Certificates of Obligation</u>	<u>Total Water and Sewer Fund</u>
\$ (1,484,048)	\$ 552,920
-	1,594,226
-	157,463
-	(206,358)
-	(11,712)
(207,025)	(181,607)
-	(4,239)
-	10,626
-	(3,560)
-	40,395
-	289,776
<u>\$ (1,691,073)</u>	<u>\$ 2,237,930</u>

(This page intentionally left blank.)

STATISTICAL SECTION

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

Contents	Page
Financial Trends	138
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	150
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	158
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	168
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	171
<i>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			
	2007	2008	2009	2010
Governmental Activities				
Net investment in capital assets	\$ 26,711,260	\$ 24,683,114	\$ 23,625,720	\$ 23,231,068
Restricted	4,185,439	5,412,521	8,162,397	9,006,259
Unrestricted	5,088,173	6,373,807	4,881,248	5,151,195
Total Governmental Activities Net Position	\$ 35,984,872	\$ 36,469,442	\$ 36,669,365	\$ 37,388,522
Business-Type Activities				
Net investment in capital assets	\$ 9,185,334	\$ 10,094,821	\$ 7,281,665	\$ 9,898,132
Restricted	845,723	861,202	805,076	698,662
Unrestricted	4,625,332	5,873,472	9,272,256	7,639,207
Total Business-Type Activities Net Position	\$ 14,656,389	\$ 16,829,495	\$ 17,358,997	\$ 18,236,001
Primary Government				
Net investment in capital assets	\$ 35,896,594	\$ 34,777,935	\$ 30,907,385	\$ 33,129,200
Restricted	5,031,162	6,273,723	8,967,473	9,704,921
Unrestricted	9,713,505	12,247,279	14,153,504	12,790,402
Total Primary Government Net Position	\$ 50,641,261	\$ 53,298,937	\$ 54,028,362	\$ 55,624,523

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 23,710,635	\$ 24,498,035	\$ 25,768,481	\$ 27,186,272	\$ 27,992,273	\$ 29,288,263
9,614,913	9,400,498	9,229,378	7,224,941	8,024,520	8,481,991
3,785,438	4,114,881	3,613,304	672,503	1,940,356	2,835,216
<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>	<u>\$ 40,605,470</u>
\$ 12,506,488	\$ 12,637,625	\$ 13,035,321	\$ 13,841,547	\$ 16,159,516	\$ 14,905,721
706,487	677,203	423,744	-	-	-
6,364,658	7,553,375	9,815,794	10,073,092	11,827,277	12,814,287
<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>	<u>\$ 27,720,008</u>
\$ 36,217,123	\$ 37,135,660	\$ 38,803,802	\$ 41,027,819	\$ 44,151,789	\$ 44,193,984
10,321,400	10,077,701	9,653,122	7,224,941	8,024,520	8,481,991
10,150,096	11,668,256	13,429,098	10,745,595	13,767,633	15,649,503
<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>	<u>\$ 68,325,478</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental Activities				
General government	\$ 3,155,673	\$ 3,397,176	\$ 4,618,306	\$ 3,398,391
Public safety	5,765,961	5,885,390	6,828,196	6,612,487
Engineering and planning	554,616	751,470	-	-
Public services	3,907,160	3,697,371	1,195,696	1,762,534
Community services	347,169	297,019	2,110,567	2,739,494
Culture, parks, and recreation	1,222,914	1,827,931	1,637,049	1,550,634
Interest on long-term debt	470,225	320,272	255,366	246,444
Total Governmental Activities Expenses	<u>15,423,718</u>	<u>16,176,629</u>	<u>16,645,180</u>	<u>16,309,984</u>
Business-Type Activities				
Water and sewer	5,179,628	5,048,607	5,324,261	5,684,004
Sanitation	1,679,203	3,032,494	3,811,391	1,841,385
EMS	1,060,634	1,015,022	1,333,579	1,310,354
Conference center	-	-	-	53,520
Total Business-Type Activities Expenses	<u>7,919,465</u>	<u>9,096,123</u>	<u>10,469,231</u>	<u>8,889,263</u>
Total Primary Government Expenses	<u>\$ 23,343,183</u>	<u>\$ 25,272,752</u>	<u>\$ 27,114,411</u>	<u>\$ 25,199,247</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 37,029	\$ 22,764	\$ 98,718	\$ 236,236
Public safety	735,677	745,922	1,092,685	1,157,482
Engineering and planning	401,661	328,881	-	-
Community services	-	-	79,648	-
Culture and recreation	187,229	167,642	-	-
Operating grants and contributions	157,790	434,842	770,851	305,758
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,519,386</u>	<u>1,700,051</u>	<u>2,041,902</u>	<u>1,699,476</u>
Business-Type Activities				
Charges for services				
Water and sewer	5,771,303	6,211,760	6,325,404	6,299,393
Sanitation	1,995,110	1,943,739	2,174,386	2,290,014
EMS	1,126,101	1,204,907	1,278,655	1,292,152
Operating grants and contributions	1,364	1,343,767	1,643,163	409,277
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>8,893,878</u>	<u>10,704,173</u>	<u>11,421,608</u>	<u>10,290,836</u>
Total Primary Government Program Revenues	<u>\$ 10,413,264</u>	<u>\$ 12,404,224</u>	<u>\$ 13,463,510</u>	<u>\$ 11,990,312</u>
Net (Expense)/Revenue				
Governmental activities	\$ (13,904,332)	\$ (14,476,578)	\$ (14,603,278)	\$ (14,610,508)
Business-type activities	974,413	1,608,050	952,377	1,401,573
Total Primary Government Net Expense	<u>\$ (12,929,919)</u>	<u>\$ (12,868,528)</u>	<u>\$ (13,650,901)</u>	<u>\$ (13,208,935)</u>

Fiscal Year

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$	3,493,056	\$ 3,856,490	\$ 3,568,941	\$ 4,302,665	\$ 4,631,429	\$ 4,203,196
	6,818,758	7,183,101	7,605,752	7,371,478	7,851,334	8,358,096
	-	-	-	-	-	-
	1,354,999	1,558,656	1,602,661	1,357,311	1,787,338	2,052,720
	2,789,836	2,237,711	2,937,559	3,109,731	2,648,239	2,600,013
	1,300,499	1,345,650	1,526,973	1,554,800	1,678,632	1,930,324
	953,431	307,110	357,208	317,321	275,210	244,938
	<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>	<u>19,389,287</u>
	5,275,355	5,149,638	5,409,975	5,386,508	6,939,946	7,705,970
	1,951,774	2,044,570	2,121,232	2,150,276	2,254,148	2,298,255
	1,705,571	1,761,534	1,883,560	1,656,281	1,825,973	1,957,281
	99,129	-	-	-	-	-
	<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>11,961,506</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>	<u>31,350,793</u>
\$	184,829	\$ 256,623	\$ 280,518	\$ 234,378	\$ 345,672	\$ 410,434
	1,098,168	1,064,705	1,115,717	1,281,187	1,458,175	1,261,982
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	89,468	261,048	482,603	125,138	247,358	126,345
	-	-	-	1,785,962	2,056,883	154,161
	<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>	<u>1,952,922</u>
	6,767,843	6,529,061	6,996,639	7,112,516	7,600,692	7,643,861
	2,162,461	2,305,500	2,481,820	2,548,700	2,694,269	2,781,959
	1,630,354	1,671,346	2,607,911	1,349,485	1,831,754	1,755,851
	195,895	231,858	254,710	230,308	294,123	370,640
	-	-	-	-	2,373,890	-
	<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>12,552,311</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>	<u>14,505,233</u>
\$	(15,338,114)	\$ (14,906,342)	\$ (15,720,256)	\$ (14,586,641)	\$ (14,764,094)	\$ (17,436,365)
	1,724,724	1,782,023	2,926,313	2,047,944	3,774,661	590,805
\$	<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>	<u>(16,845,560)</u>

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

	Fiscal Year			
	2007	2008	2009	2010
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 6,441,666	\$ 7,135,500	\$ 7,088,549	\$ 7,529,156
Sales and use taxes	5,540,205	5,754,038	5,395,694	5,164,667
Franchise taxes	1,321,208	1,332,828	1,535,710	1,601,341
Other taxes	-	-	28,484	221,885
Investment revenue	674,853	483,412	131,886	36,080
Other revenues	44,355	121,128	96,555	233,080
Transfers	1,581,281	(10,449)	526,323	543,456
Total Governmental Activities	<u>15,603,568</u>	<u>14,816,457</u>	<u>14,803,201</u>	<u>15,329,665</u>
Business-Type Activities				
Investment earnings	440,689	265,878	88,820	13,571
Other revenues	5,875	168,707	14,628	5,316
Transfers	(1,581,281)	10,449	(526,323)	(543,456)
Total Business-Type Activities	<u>(1,134,717)</u>	<u>445,034</u>	<u>(422,875)</u>	<u>(524,569)</u>
Total Primary Government	<u>\$ 14,468,851</u>	<u>\$ 15,261,491</u>	<u>\$ 14,380,326</u>	<u>\$ 14,805,096</u>
Change in Net Position				
Governmental activities	\$ 1,699,236	\$ 339,879	\$ 199,923	\$ 719,157
Business-type activities	(160,304)	2,053,084	529,502	877,004
Total Primary Government	<u>\$ 1,538,932</u>	<u>\$ 2,392,963</u>	<u>\$ 729,425</u>	<u>\$ 1,596,161</u>

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 7,311,667	\$ 7,724,036	\$ 7,703,857	\$ 8,187,335	\$ 8,480,190	\$ 9,274,853
5,460,695	5,720,505	6,039,358	6,188,081	6,457,416	6,600,913
1,550,016	1,607,488	1,608,142	1,701,814	1,783,552	1,775,920
196,510	191,970	219,973	667,914	986,245	728,939
45,388	31,176	34,018	41,979	30,686	68,237
43,166	204,763	174,102	20,650	160,734	140,375
394,906	501,190	538,555	(10,030)	(261,296)	930,423
<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>	<u>19,519,660</u>
11,311	13,322	15,904	15,163	23,756	72,833
503	2,726	2,994	15,000	12,441	-
(394,906)	(501,190)	(538,555)	10,030	261,296	(930,423)
(383,092)	(485,142)	(519,657)	40,193	297,493	(857,590)
<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>	<u>\$ 18,662,070</u>
\$ (335,766)	\$ 1,074,786	\$ 597,749	\$ 2,211,102	\$ 2,873,433	\$ 2,083,295
1,341,632	1,296,881	2,406,656	2,088,137	4,072,154	(266,785)
<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>	<u>\$ 1,816,510</u>

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

Source	Fiscal Year			
	2007	2008	2009	2010
Property	\$ 6,441,666	\$ 7,135,500	\$ 7,529,156	\$ 7,311,667
Sales and use	5,540,205	5,754,038	5,164,667	5,460,695
Franchise fees	1,321,208	1,332,828	1,601,341	1,550,016
Other taxes	-	-	221,885	196,510
	\$ 13,303,079	\$ 14,222,366	\$ 14,517,049	\$ 14,518,888

Fiscal Year						Change
2011	2012	2013	2014	2015	2016	2015-2016
\$ 7,724,036	\$ 7,703,857	\$ 7,703,857	\$ 8,187,335	\$ 8,480,190	\$ 9,274,853	9.4%
5,720,505	6,039,358	6,039,358	6,188,081	6,457,416	6,600,913	2.2%
1,607,488	1,608,142	1,608,142	1,701,814	1,783,552	1,775,920	-0.4%
191,970	219,973	219,973	667,914	986,245	728,939	-26.1%
<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>	<u>\$ 18,380,625</u>	3.8%

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

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Nonspendable	\$ 33,236	\$ 55,371	\$ 15,611	\$ 10,809
Restricted	-	-	-	-
Assigned	1,151,177	1,030,815	615,281	2,393,358
Unassigned	2,961,457	4,444,453	4,560,653	3,105,318
Total General Fund	\$ 4,145,870	\$ 5,530,639	\$ 5,191,545	\$ 5,509,485
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 5,927	\$ 200
Restricted	8,116,764	6,856,654	7,332,625	7,936,885
Assigned	397,964	397,040	408,417	418,602
Total All Other Governmental Funds	\$ 8,514,728	\$ 7,253,694	\$ 7,746,969	\$ 8,355,687

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 15,245	\$ 39,347	\$ 21,523	\$ 16,823	\$ 47,391	\$ 22,903
2,646	-	-	-	-	-
1,318,358	911,311	693,859	527,330	723,039	731,341
4,355,741	4,658,915	4,816,116	4,938,106	5,272,494	5,855,255
<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>	<u>\$ 6,609,499</u>
\$ 5,777	\$ -	\$ -	\$ 250	\$ -	\$ -
10,260,756	9,400,498	9,229,378	7,224,941	8,024,520	8,483,597
719,805	714,349	667,680	609,208	616,768	284,256
<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>	<u>\$ 8,767,853</u>

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

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
Taxes	\$ 13,228,598	\$ 14,294,405	\$ 14,301,958	\$ 14,343,382
Permits, licenses, and fees	325,191	316,854	611,082	937,525
Fines and forfeitures	437,085	455,554	481,603	456,193
Intergovernmental	3,731	530,316	748,833	305,758
Contributions	32,563	-	-	-
Investment earnings	620,207	439,770	106,888	20,367
Other revenues	756,958	654,819	242,018	233,080
Total Revenues	<u>15,404,333</u>	<u>16,691,718</u>	<u>16,492,382</u>	<u>16,296,305</u>
Expenditures				
General government	3,019,200	3,269,353	3,284,579	3,239,705
Public safety	4,932,289	5,723,203	6,129,989	6,145,941
Engineering and planning	489,331	712,129	-	-
Public services	2,870,696	1,977,554	777,418	715,606
Community services	158,160	186,487	1,361,535	2,591,826
Culture, parks, and recreation	950,845	1,028,437	1,369,506	1,079,481
Library	94,886	113,061	12,160	49,515
Capital outlay	1,503,979	2,520,505	2,572,745	1,005,809
Debt service:				
Principal	801,753	1,163,091	1,038,791	978,025
Interest	430,776	436,194	412,775	411,836
Total Expenditures	<u>15,251,915</u>	<u>17,130,014</u>	<u>16,959,498</u>	<u>16,217,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	152,418	(438,296)	(467,116)	78,561
Other Financing Sources (Uses)				
Transfers in	4,744,518	3,423,766	2,520,975	1,174,886
Transfers out	(3,962,600)	(3,799,196)	(1,994,652)	(631,430)
Refunding bonds issued	-	-	-	-
Bonds issued	835,000	675,000	-	304,641
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Capital leases	231,652	262,467	94,974	-
Sales of capital assets	22,916	-	-	-
Total Other Financing Sources	<u>1,871,486</u>	<u>562,037</u>	<u>621,297</u>	<u>848,097</u>
Net Change in Fund Balances	<u>\$ 2,023,904</u>	<u>\$ 123,741</u>	<u>\$ 154,181</u>	<u>\$ 926,658</u>
Debt service as a percentage of noncapital expenditures	9.80%	12.30%	10.09%	9.12%

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	14,501,052	\$	15,250,115	\$	15,688,295	\$	16,730,919	\$	17,720,056	\$	18,354,717
	650,219		632,240		692,937		757,846		935,003		744,948
	447,949		432,465		422,780		523,341		523,172		517,034
	89,468		257,797		482,603		1,138,100		1,640,576		247,022
	-		-		-		-		-		-
	34,745		29,331		32,070		19,131		28,679		62,212
	227,995		421,106		428,861		264,820		457,991		547,081
	<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>		<u>20,473,014</u>
	3,310,855		3,657,108		3,614,875		3,758,455		4,009,902		4,134,595
	6,190,062		6,649,457		7,173,699		7,379,988		7,615,492		7,649,190
	-		-		-		-		-		-
	589,836		957,761		764,420		733,558		880,375		912,306
	2,595,532		2,202,737		2,871,927		3,264,534		2,583,511		2,604,623
	984,023		1,201,941		1,308,817		1,352,134		1,432,949		1,665,011
	-		-		-		-		-		-
	2,677,414		2,185,599		3,299,578		4,351,864		2,784,274		2,321,645
	1,308,502		1,159,881		1,205,572		1,314,318		1,228,378		1,168,244
	558,483		472,802		351,120		304,535		285,047		254,683
	<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>		<u>20,710,297</u>
	(2,263,279)		(1,464,232)		(2,842,462)		(3,025,229)		485,549		(237,283)
	999,485		1,064,794		1,574,897		2,207,172		1,556,512		1,650,070
	(604,579)		(563,604)		(713,299)		(1,349,085)		(674,507)		(719,647)
	4,321,938		1,597,055		-		-		-		-
	4,468,507		-		1,235,000		-		-		-
	249,910		5,112		-		-		-		-
	(4,417,056)		(1,593,033)		-		-		-		-
	-		-		450,000		55,244		-		-
	-		-		-		-		-		-
	<u>5,018,205</u>		<u>510,324</u>		<u>2,546,598</u>		<u>913,331</u>		<u>882,005</u>		<u>930,423</u>
\$	<u>2,754,926</u>	\$	<u>(953,908)</u>	\$	<u>(295,864)</u>	\$	<u>(2,111,898)</u>	\$	<u>1,367,554</u>	\$	<u>693,140</u>
	12.02%		9.94%		8.73%		8.73%		7.53%		7.59%

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

	Fiscal Year			
	2007	2008	2009	2010
Residential Property	\$ 494,709,890	\$ 545,828,781	\$ 561,797,458	\$ 569,692,952
Commercial Property	328,960,620	372,642,100	376,840,429	398,544,224
Less: Tax Exempt Property	<u>(102,609,836)</u>	<u>(122,072,358)</u>	<u>(37,686,679)</u>	<u>(46,725,576)</u>
Total Taxable Assessed Value (1)	<u>\$ 721,060,674</u>	<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>	<u>\$ 921,511,600</u>
Taxable Assessed Value as a Percentage of Estimated Actual Value	90.54%	88.40%	99.10%	100.00%
Estimated Actual Taxable Value	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653	\$ 921,511,600
Total Direct Tax Rate	\$ 0.80360	\$ 0.80360	\$ 0.80360	\$ 0.80360

Source: Tax department and Inspection records of the City.

(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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 555,669,430	\$ 554,570,924	\$ 556,130,424	\$ 565,488,275	\$ 604,400,846	\$ 623,106,325
409,764,239	412,237,877	413,559,139	473,377,668	482,650,142	513,177,049
<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>(48,422,110)</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>	<u>\$ 1,087,861,264</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264
\$ 0.80360	\$ 0.84360	\$ 0.84380	\$ 0.84360	\$ 0.83860	\$ 0.83860

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

	Fiscal Year			
	2007	2008	2009	2010
City By Fund:				
Operating	\$ 0.6565	\$ 0.6440	\$ 0.6544	\$ 0.6709
Debt service	0.1471	0.1596	0.1492	0.1327
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.5459	1.3282	1.3282	1.3041
Brazoria County	0.3817	0.3114	0.3900	0.4263
C&R District No. 3	0.1300	0.1281	0.1500	0.1500
Alvin Community College	0.2195	0.2103	0.1998	0.1998
Total Direct and Overlapping Rates (1)	<u>\$ 3.0807</u>	<u>\$ 2.7816</u>	<u>\$ 2.8716</u>	<u>\$ 2.8838</u>

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

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

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 0.6697	\$ 0.7137	\$ 0.7023	\$ 0.6823	\$ 0.6939	\$ 0.7119
0.1339	0.1299	0.1415	0.1613	0.1447	0.1267
<u>0.8036</u>	<u>0.8436</u>	<u>0.8438</u>	<u>0.8436</u>	<u>0.8386</u>	<u>0.8386</u>
1.3041	1.3291	1.3291	1.3291	1.4170	1.4170
0.4631	0.4259	0.4320	0.4920	0.4860	0.2040
0.1500	0.1500	0.1560	0.1560	0.1500	0.4260
<u>0.1998</u>	<u>0.1998</u>	<u>0.1990</u>	<u>0.1998</u>	<u>0.2040</u>	<u>0.1500</u>
<u>\$ 2.9206</u>	<u>\$ 2.9484</u>	<u>\$ 2.9599</u>	<u>\$ 3.0205</u>	<u>\$ 3.0956</u>	<u>\$ 3.0356</u>

(This page intentionally left blank.)

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

Property Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Weatherford USA, LP	\$ 23,804,930	1	2.19%	\$ 9,866,220	5	1.37%
Team Industrial Services, Inc.	23,401,538	2	2.15%	-	-	-
Wal-Mart	18,762,070	3	1.72%	18,038,900	1	2.50%
Ron Carter Chrysler	9,722,720	4	0.89%	11,955,840	3	1.66%
Alvin Autoland, Inc.	8,780,808	5	0.81%	11,468,910	4	1.59%
Highland Square	6,534,290	6	0.60%	5,446,340	9	0.76%
1800 FM 1092 LLP	6,377,120	7	0.59%	-	-	-
Rice Tec, Inc.	6,050,770	8	0.56%	4,970,200	10	0.69%
ComCast of Houston	5,302,420	9	0.49%	-	-	-
Cantex Health Care	4,839,960	10	0.44%	-	-	-
Home Depot & Home Depot, USA Inc.	-	-	-	13,093,930	2	1.82%
Texas New Mexico Power Co.	-	-	-	9,030,840	6	1.25%
Texas & Kansas City Cable Partners	-	-	-	6,481,600	7	0.90%
Southwestern Bell	-	-	-	5,862,690	8	0.81%
Subtotal	<u>113,576,626</u>		<u>10.44%</u>	<u>-</u>		<u>13.34%</u>
Other Taxpayers	<u>974,284,638</u>		<u>89.56%</u>	<u>721,060,674</u>		<u>100.00%</u>
Total	<u><u>\$ 1,087,861,264</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 721,060,674</u></u>		<u><u>113.34%</u></u>

Source: Brazoria County - Tax Office Collections

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

	Fiscal Year			
	2007	2008	2009	2010
Tax levy	\$ 6,294,442	\$ 7,070,199	\$ 7,250,049	\$ 7,282,858
Current tax collected	\$ 6,117,953	\$ 6,907,075	\$ 7,099,395	\$ 7,118,215
Percentage of current tax collections	97.20%	97.69%	97.92%	97.74%
Delinquent tax collections	\$ 161,254	\$ 151,993	\$ 138,200	\$ 147,852
Total tax collections	<u>\$ 6,279,207</u>	<u>\$ 7,059,068</u>	<u>\$ 7,237,595</u>	<u>\$ 7,266,067</u>
Total collections as a percentage of current levy	99.76%	99.84%	99.83%	99.77%
Outstanding delinquent taxes	\$ 15,235	\$ 11,131	\$ 12,454	\$ 16,791
Outstanding delinquent taxes as percentage of current levy	0.24%	0.16%	0.17%	0.23%

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 7,192,398	\$ 7,637,692	\$ 7,747,425	\$ 8,036,879	\$ 8,394,543	\$ 9,136,737	
\$ 6,997,769	\$ 7,489,804	\$ 7,566,448	\$ 7,945,225	\$ 8,300,703	\$ 9,040,858	
97.29%	98.06%	97.66%	98.86%	98.88%	98.95%	
\$ 181,789	\$ 129,041	\$ 156,615	\$ 61,863	\$ 53,279	\$ -	
<u>\$ 7,179,558</u>	<u>\$ 7,618,845</u>	<u>\$ 7,723,063</u>	<u>\$ 8,007,088</u>	<u>\$ 8,353,982</u>	<u>\$ 9,040,858</u>	
99.82%	99.75%	99.69%	99.63%	99.52%	98.95%	
\$ 12,840	\$ 18,847	\$ 24,362	\$ 29,791	\$ 40,561	\$ 95,879	
0.18%	0.25%	0.31%	0.37%	0.48%	1.05%	

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

	Fiscal Year			
	2007	2008	2009	2010
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 7,378,016	\$ 6,516,969	\$ 5,736,412	\$ 5,372,311
Certificates of obligation	3,020,064	3,527,784	3,360,504	3,146,860
Capital leases	265,107	392,810	301,856	206,217
Issuance discounts/premiums	19,860	16,516	13,172	9,828
Subtotal	<u>10,683,047</u>	<u>\$ 10,454,079</u>	<u>9,411,944</u>	<u>8,735,216</u>
Business-Type Activities:				
Revenue bonds	12,025,000	11,815,000	11,345,000	10,745,000
General obligation bonds	6,381,984	5,093,032	3,763,588	4,538,690
Certificates of obligation	4,824,936	6,742,216	6,669,496	6,298,140
Capital leases	13,697	-	-	-
Issuance discounts/premiums	(17,033)	(17,855)	(18,677)	14,179
Subtotal	<u>23,228,584</u>	<u>23,632,393</u>	<u>21,759,407</u>	<u>21,596,009</u>
Total Primary Government	<u>\$ 33,911,631</u>	<u>\$ 34,086,472</u>	<u>\$ 31,171,351</u>	<u>\$ 30,331,225</u>
Personal Income	\$ 480,593,000	\$ 518,087,000	\$ 519,651,000	\$ 586,289,000
Debt as a Percentage of Personal Income	7.06%	6.58%	6.00%	5.17%
Population	21,413	21,413	21,413	21,413
Debt per Capita	\$ 1,584	\$ 1,592	\$ 1,456	\$ 1,416

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

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 5,090,115	\$ 5,861,240	\$ 6,153,088	\$ 5,154,756	\$ 4,303,667	\$ 3,262,729
6,663,507	4,919,192	4,656,772	4,371,247	4,029,512	3,937,092
105,679	-	450,000	472,490	436,936	402,050
259,172	247,950	231,616	215,282	202,037	188,791
<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>	<u>7,790,662</u>
10,145,000	4,945,000	4,925,000	-	-	-
4,886,883	11,921,760	10,740,921	14,560,252	13,401,339	11,672,276
4,086,493	1,160,808	898,228	623,753	10,330,488	10,322,908
-	-	-	-	-	-
195,312	189,361	179,071	195,899	551,210	520,607
<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>22,515,791</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>	<u>\$ 30,306,453</u>
\$ 588,159,000	\$ 539,299,000	\$ 564,481,000	\$ 566,832,000	\$ 534,234,000	\$ 580,839,000
5.34%	5.42%	5.00%	4.52%	6.22%	5.22%
21,413	21,413	24,236	24,236	24,236	24,236
\$ 1,468	\$ 1,366	\$ 1,165	\$ 1,056	\$ 1,372	\$ 1,250

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

	Fiscal Year			
	2007	2008	2009	2010
Estimated Actual Taxable Value of Property				
All property	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 921,511,600
Net Bonded Debt (1)				
General bonded debt	\$ 10,683,047	\$ 10,454,079	\$ 9,411,944	\$ 8,735,216
Less debt service funds	346,983	319,154	374,250	420,806
Net Bonded Debt	\$ 10,336,064	\$ 10,134,925	\$ 9,037,694	\$ 8,314,410
Percentage of Estimated Actual Taxable Value of Property	1.43%	1.27%	1.00%	0.90%
Population	21,413	21,413	21,413	21,413
Per Capita	\$ 483	\$ 473	\$ 422	\$ 388

Note:

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

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 902,773,048	\$ 907,541,107	\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264
\$ 12,118,473	\$ 11,028,382	\$ 11,491,476	\$ 10,213,775	\$ 8,972,152	\$ 7,790,662
<u>409,223</u>	<u>99,776</u>	<u>102,167</u>	<u>79,394</u>	<u>74,833</u>	<u>92,651</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>	<u>\$ 7,698,011</u>
1.30%	1.20%	1.24%	1.06%	0.88%	0.71%
21,413	21,413	24,236	24,236	24,236	24,236
\$ 547	\$ 510	\$ 470	\$ 418	\$ 367	\$ 318

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2016

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Brazoria County	\$ 76,865,321	4.77%	\$ 3,666,476
Alvin ISD	\$ 646,540,000	19.27%	124,588,258
Alvin Community College	\$ 14,598,445	15.71%	<u>2,293,416</u>
Subtotal, overlapping debt			130,548,150
City Direct Debt	\$ 7,790,662	100.00%	<u>7,790,662</u>
Total Direct and Overlapping Debt			<u><u>\$ 138,338,812</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.

(This page intentionally left blank.)

CITY OF ALVIN, TEXAS

LEGAL DEBT MARGIN INFORMATION

September 30, 2016

<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2016	\$ 1,087,861,264	100%	\$ 1,087,861,264
2015	\$ 1,006,033,215	100%	1,006,033,215
2014	\$ 959,353,423	100%	959,353,423
2013	\$ 917,184,020	100%	917,184,020
2012	\$ 907,541,107	100%	907,541,107
Total Five Year Valuation			\$ 4,877,973,029

Five Year Average Full Valuation of Taxable Real Property	<u>\$ 975,594,606</u>
Debt Limit (10% of Average Full Valuation)	<u>\$ 97,559,461</u>
Outstanding Indebtedness at September 30	
Governmental Activities - General Obligation Debt	\$ 3,262,729
Business-type Activities - General Obligation Debt	11,672,276
Net Indebtedness Subject to Debt Limit	<u><u>\$ 14,935,005</u></u>
Net Debt Contracting Margin	\$ 82,624,456
Percentage of Net Debt Contracting Margin Available	84.69%
Percentage of Net Debt Contracting Power Exhausted	15.31%

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>
2016	\$ 97,559,461	\$ 14,935,005	\$ 82,624,456	84.69%
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	\$ 16,894,009	\$ 78,549,451	82.30%
2012	\$ 95,443,460	\$ 17,783,000	\$ 77,660,460	81.37%
2011	\$ 91,718,402	\$ 9,976,998	\$ 81,741,404	89.12%
2010	\$ 90,754,111	\$ 9,911,001	\$ 80,843,110	89.08%
2009	\$ 108,094,183	\$ 9,500,000	\$ 98,594,183	91.21%
2008	\$ 96,616,510	\$ 11,610,001	\$ 85,006,509	87.98%
2007	\$ 90,653,218	\$ 13,760,000	\$ 76,893,218	84.82%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2007	2008	2009	2010
Gross Revenues (1)	\$ 6,190,290	\$ 6,750,856	\$ 6,605,025	\$ 6,309,789
Operating Expenses (2)	4,027,507	4,166,715	4,361,497	3,516,010
Net Revenues Available for Debt Service	\$ 2,162,783	\$ 2,584,141	\$ 2,243,528	\$ 2,793,779
Debt Service Requirements (3)				
Principal	\$ 1,429,846	\$ 1,556,533	\$ 1,478,461	\$ 600,000
Interest	1,036,558	881,892	875,517	425,106
Total	\$ 2,466,404	\$ 2,438,425	\$ 2,353,978	\$ 1,025,106
Coverage	0.88	1.06	0.95	2.73

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 6,776,431	\$ 6,539,555	\$ 7,009,368	\$ 7,124,351	\$ 7,642,799	\$ 7,707,395
<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>5,496,715</u>
<u><u>\$ 3,610,755</u></u>	<u><u>\$ 3,334,406</u></u>	<u><u>\$ 3,522,365</u></u>	<u><u>\$ 3,608,399</u></u>	<u><u>\$ 2,883,875</u></u>	<u><u>\$ 2,210,680</u></u>
\$ 600,000	\$ 620,000	\$ 20,000	\$ -	\$ -	\$ -
407,106	388,256	204,338	-	-	-
<u><u>\$ 1,007,106</u></u>	<u><u>\$ 1,008,256</u></u>	<u><u>\$ 224,338</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
3.59	3.31	15.70	-	-	-

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

Fiscal Year Ended	Population (1)	Personal Income (1)	Per Capita Personal Income (4)	Median Age (1)	Education Level in Years of Schooling (1)	School Enrollment (2)	Unemployment Rate (3)
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%
2016	24,236	\$ 580,839,000	\$ 23,966	33.50	13.10	23,479	5.00%

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	2016			2007		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,955	1	58.04%	1,834	1	34.22%
DISH Network	-	-	-	509	2	9.50%
Ascend Performance Materials	615	2	12.08%	-	-	-
INEOS Olfens & Polymers USA	550	3	10.80%	429	7	8.00%
Alvin Community College	300	4	5.89%	500	3	9.33%
Ron Carter Automotive Center	-	-	-	-	-	-
Team Industrial Services	244	5	4.79%	200	9	3.73%
City of Alvin	215	6	4.22%	183	10	3.41%
Rice-Tex	212	7	4.16%	-	-	-
Diversified Ceramics	-	-	-	-	-	-
Solutia	-	-	-	494	4	9.22%
Ron Carter Automotive Center	-	-	-	-	-	-
Equistar Chocolate Bayou Complex	-	-	-	446	6	8.32%
WaMart	-	-	-	450	5	8.40%
Lyondell/Equistar	-	-	-	315	8	5.88%
Total	<u>5,091</u>		<u>100.00%</u>	<u>5,360</u>		<u>100.00%</u>

Source: Economic development department

(This page intentionally left blank.)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Administration	7.0	6.0	2.0	2.0	2.0	4.0	3.0	2.0	3.0	2.0
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	3.0	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	9.0	9.0	8.0	6.0	7.0	7.0	7.0	8.0
Public Safety										
Police	74.0	76.0	72.0	72.0	75.0	76.0	74.0	73.0	72.0	73.0
Fire	3.0	3.0	4.0	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	4.0	4.0	6.0	7.0
Culture and Recreation										
Parks	10.5	10.0	10.0	9.0	9.0	11.0	10.0	10.0	9.0	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	1.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0
CYB	-	-	-	1.0	1.0	1.0	2.0	2.0	1.0	1.0
Public Works										
Street	17.0	19.0	20.0	20.0	20.0	22.0	25.0	25.0	25.0	25.0
Engineering										
Engineering	9.0	9.0	4.0	-	-	-	9.0	7.0	7.0	8.0
Planning	-	-	4.0	-	-	-	-	-	-	-
CIP	-	-	4.0	4.0	-	-	-	-	-	-
Community Development										
Inspections	4.0	4.0	5.0	4.0	5.0	9.0	4.0	4.0	4.0	4.0
Code Enforcement	-	-	4.0	4.0	-	-	-	4.0	4.0	5.0
General Fund Total	145.5	148.0	152.0	143.0	138.0	148.0	154.0	154.0	156.0	160.0
Enterprise Fund:										
Administration	7.5	7.0	8.0	7.0	7.0	7.0	8.0	8.0	8.0	7.0
Water, Sewer, WWTP	24.0	24.0	24.0	24.0	24.0	24.0	25.0	24.0	24.0	24.0
Enterprise Fund Total	31.5	31.0	32.0	31.0	31.0	31.0	33.0	32.0	32.0	31.0
Internal Service Fund:										
Administration	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	6.0	6.0
Internal Service Fund Total	4.0	5.0	6.0	6.0						
Emergency Medical Services:										
Administration	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	18.0	18.0
Emergency Medical Service Total	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	18.0	18.0
Total City Positions	183.0	185.0	190.0	180.0	175.0	186.0	194.0	194.0	212.0	215.0

Source: Economic development department

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police				
Physical arrests	1,557	2,201	1,973	1,920
Traffic violations	2,620	3,074	3,405	3,429
Fire				
Emergency responses	712	889	894	599
Inspections	876	884	461	424
Sanitation				
Monthly residential pickups	5,147	5,317	5,339	5,376
Commercial containers	781	845	835	835
Culture and recreation				
Athletic fields	21	21	21	22
Water				
New accounts	154	128	93	55
Total number of water connections	7,129	7,257	7,350	7,405
Average daily consumption (thousands of gallons)	2.226	2.379	2.774	2.414
Sewer				
Average daily sewage treatment (thousands of gallons)	3.000	2.965	2.552	3.416

Source: Various City departments

Note: Indicators are not available for the general government functions

Fiscal Year					
2011	2012	2013	2014	2015	2016
2,253	2,199	2,402	676	1,271	2,139
3,857	3,649	4,522	5,001	4,647	4,103
511	560	551	675	636	660
511	428	333	740	1,600	1,563
5,452	5,486	5,566	5,683	5,833	6,017
848	842	866	883	828	843
22	22	22	22	22	22
94	91	117	119	196	64
7,499	7,567	7,684	7,803	7,999	8,063
2,414	2,395	2,337	2,337	2,650	2,604
3,416	2,860	2,639	2,639	2,800	2,546

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

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police				
Stations	1	1	1	1
Patrol units	35	34	36	41
Fire				
Fire station	2	2	3	3
Volunteers	61	64	65	65
Highways and Streets				
Streets (miles)	178	178	180	180
Parks and recreation				
Parks acreage	108	108	101	101
Parks	15	15	16	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)	145	145	145	147
Fire hydrants	901	905	905	920
Storage capacity (thousands of gallons)	2.496	2.496	7.920	8.310
Sewer				
Sanitary sewers (miles)	140	104	104	141
Storm sewers (miles)	50.0	50.5	50.5	52.0
Treatment capacity (thousands of gallons)	15	15	15	15

Source: Various City departments

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

Fiscal Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
41	41	41	41	41	40
3	3	3	3	3	3
65	65	65	65	65	60
180	180	180	180	180	183
103	103	171	171	171	171
16	16	14	14	14	14
-	-	1	1	1	1
-	-	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	150	150	150	150	148
920	946	949	949	1,200	976
8.310	8.310	8.310	8.310	8.310	8.310
141	142	142	142	142	142
52.0	52.0	52.0	52.0	57.0	57.0
15	15	15	15	15	15

(This page intentionally left blank.)