

City of Alvin, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended 9/30/2018



***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF ALVIN, TEXAS

**For the Year Ended
September 30, 2018**

Official Issuing Report:

**Junru Roland
City Manager**

**Florence Chapa
Interim Finance Director**

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CITY OF ALVIN, TEXAS

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INTRODUCTORY SECTION

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CITY OF ALVIN

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

February 20, 2019

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, 2018 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, 2018 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, 2018 are presented in conformity with generally accepted accounting principles (“GAAP”).

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

PROFILE OF THE GOVERNMENT

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

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

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

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

For the general fund, this comparison is presented on page 91 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 103 for the debt service fund and page 114 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.

Parks Capital Improvement projects include the completion of a nature observation area located at National Oak Park. Other park projects completed include a new playground at Newman Park, UV system for splashpad at city pool, asphalt parking lot at National Oak Park, Pearson Park athletic field lights (repaired/replaced), repairs to National Oak Park pedestrian bridge, construction of restrooms at National Oak Park, furniture for Youth Teen

Lounge, purchase of AED's for the Senior Center and the design of a 46-acre disc golf course. The disc golf course will include a concrete walking trail and lights for night play. It is anticipated to bring in national tournaments to Alvin. Construction will be completed in 2019

City Council authorized an expansion to the Alvin Historical Museum. This will house the new Nolan Ryan baseball exhibit area. The museum's interior renovations will create a new children's toy exhibit, an Alvin sports history exhibit and a new touchscreen display that will have multiple informational videos. This also included relocating and upgrading the Nolan Ryan statue formerly in front of city hall. The museum also added a part-time staff that allows for more open hours of operation to the public.

The City continues to work with Sunrise Rotary through a multi-year contract to make improvements at Briscoe Park which will be used for their 8th annual spring Rotary Music Festival and BBQ Cook-off. The festival event brings thousands to the City of Alvin over the two-day period and generates many hotel stays.

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 was completed in FY17 providing improved roadway, drainage, and sidewalks. In FY18 the City reclaimed, stabilized, and asphalted 4.8 miles of asphalt roadway improvements. The new Dyche Lane 500,000-gallon water tower was placed on line in February 2018. The 15-acre regional detention pond at Kost Road is complete providing additional storm water storage capacity to the central part of the city. Additional sidewalk, fencing and landscaping is going in for our citizens to use as part of the walkability plan. Construction began on the Durant Road 4.9-acre detention pond for additional storm water storage capacity. A \$7.5 million capacity upgrade to the waste water treatment plant was started last fall.

The community continues growth momentum with 131 new residential homes constructed in 2018. The value for new residential permits equaled \$22 million. Along with construction in existing neighborhoods of Mustang Crossing, Kendall Lakes, Midtown Park, and Forest Heights, new subdivisions started were Martha's Vineyard and Sunset Ranch. Combined they will provide 341 new homes. Other residential developments are close to starting their infrastructure that will have over 400 residential lots.

New commercial construction permits in 2018 equaled \$ 33 million in value. Additionally, the value for repairs/additions/etc. of commercial and residential permits combined equaled \$ 6.96 million. The new retail center Westover Plaza have opened Red Oak Café, Mr. Sombrero, Goodfellas Barber Shop and America's Home Place Coming to the intersection of State Highway 6 and Bypass 35 is Discount Tire, Blue Wave Car Wash, and Chick-fil-A. On the south side of the city, Wendy's will be building a new restaurant off of FM 1462.

Alvin ISD completed renovations at the Alvin High School that included a new natatorium and performing arts building. Alvin Community College will be starting their \$25 million facility upgrades this year. Team Industrial Services completed a \$3.1 million expansion to their engineering facilities in Alvin and continue to house their world-wide training facility here.,

Southwest Refractory Services Industrial Park is building another lease facility for a large business expansion. INEOS Olefins & Polymers new \$550 million Linear Alpha Olefins plant is under construction, bringing 37 total direct/indirect employees to the area. Ascend Performance Materials and INEOS currently employs 1,000 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. Many projects are now inside out Capital Improvement Plan (CIP). These are reported on a quarterly basis and found in the City's Engineering Department web page. Twenty-eight projects are listed that include a new fire/EMS station, wayfinding signage, and many roadway and water/sewer projects. All these efforts will continue to provide the services and quality of life enhancements that bring and sustain residents in the community. The City will be looking toward FY20 for updating the 2035 Comp Plan.

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 continues to improve efforts to revitalize the downtown district. New decorative street lights and additional sidewalks are now complete. The city matching grant program is now in its third year with many successes. Fade Stop Barbershop, Tommaso's Italian Grill, Stanton's Retail Center, and Scopel Square are four recipients making many improvements to the downtown area.

RELEVANT FINANCIAL POLICIES

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its CAFR for the fiscal year ended September 30, 2017. This was the sixteenth 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, 2017. In order to qualify for the Distinguished Budget Presentation Award, the governments budget document was judged to be proficient as a policy document, a financial plan, an operation guide and as a communication 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,



Junru Roland
City Manager

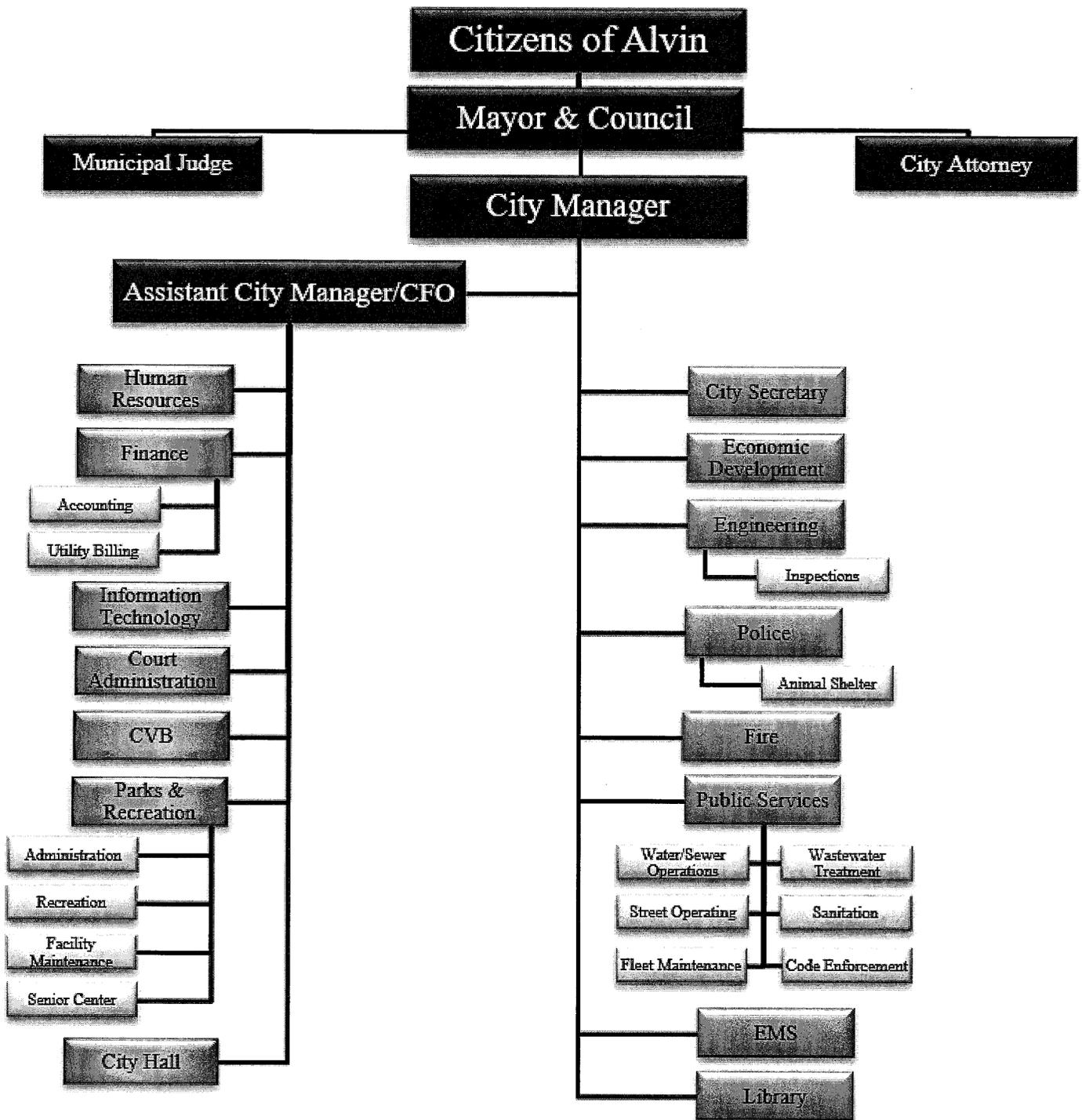


Florence Chapa
Interim Finance Director

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2018



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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Paul Horn	Mayor	2020
Scott Reed	Council Member - District A	2019
Adam Arendell	Council Member - District B	2021
Keith Thompson	Mayor Pro Tem, Council Member - District C	2021
Glenn Starkey	Council Member - District D	2019
Gabe Adame	Council Member - District E	2020
Brad Richards	Council Member - At Large 1	2021
Joel Castro	Council Member - At Large 2	2019

<u>Key Staff</u>	<u>Position</u>
Junru Roland	City Manager
Dixie Roberts	City Clerk
Florence Chapa	Interim Finance Director
Donna Starkey	Municipal Court Judge
Rex Klesel	Fire Administrator
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
Suzanne Hanneman	City Attorney

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City") as of and for the year ended September 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

In 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits 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, 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, 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.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 20, 2019

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

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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's financials 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 fees, 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 19 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, 2018

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, schedules of changes in net pension and total other postemployment benefits 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 \$78,436,178 as of September 30, 2018. The largest portion of the City's net position, 66 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, 2018

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 24,091,565	\$ 21,326,678	\$ 33,318,056	\$ 23,920,814	\$ 57,409,621	\$ 45,247,492
Capital assets, net	37,813,638	37,583,734	31,837,057	30,852,804	69,650,695	68,436,538
Total Assets	<u>61,905,203</u>	<u>58,910,412</u>	<u>65,155,113</u>	<u>54,773,618</u>	<u>127,060,316</u>	<u>113,684,030</u>
Deferred outflows - pensions	1,256,762	2,978,631	265,310	689,484	1,522,072	3,668,115
Deferred outflows - OPEB	33,622	2,524	8,115	609	41,737	3,133
Deferred loss on refunding	141,460	166,271	1,294,272	647,961	1,435,732	814,232
Total Deferred Outflows of Resources	<u>1,431,844</u>	<u>3,147,426</u>	<u>1,567,697</u>	<u>1,338,054</u>	<u>2,999,541</u>	<u>4,485,480</u>
Long-term liabilities	12,976,318	17,671,138	31,239,568	23,440,796	44,215,886	41,111,934
Other liabilities	1,780,324	1,580,553	2,923,158	1,999,808	4,703,482	3,580,361
Total Liabilities	<u>14,756,642</u>	<u>19,251,691</u>	<u>34,162,726</u>	<u>25,440,604</u>	<u>48,919,368</u>	<u>44,692,295</u>
Deferred inflows - pensions	1,718,211	502,737	393,299	128,453	2,111,510	631,190
Deferred inflows - grants	-	266,758	-	221,527	-	488,285
Deferred gain on refunding	555,116	-	37,685	-	592,801	-
Total Deferred Inflows of Resources	<u>2,273,327</u>	<u>769,495</u>	<u>430,984</u>	<u>349,980</u>	<u>2,704,311</u>	<u>1,119,475</u>
Net Position:						
Net investment in capital assets	31,660,047	30,704,120	20,418,893	17,688,740	52,078,940	48,392,860
Restricted	9,237,862	8,596,595	-	-	9,237,862	8,596,595
Unrestricted	5,409,169	2,735,937	11,710,207	12,632,348	17,119,376	15,368,285
Total Net Position	<u>\$ 46,307,078</u>	<u>\$ 42,036,652</u>	<u>\$ 32,129,100</u>	<u>\$ 30,321,088</u>	<u>\$ 78,436,178</u>	<u>\$ 72,357,740</u>

A portion of the City's net position, \$9,237,862 or 12 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$17,119,376 or 22 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$6,078,438 as compared to the prior year. Current and other assets increased compared to the prior year due largely to an increase in cash and cash equivalents as a result of current year operations and the issuance of revenue bonds. Net capital assets compared to the prior year increased due to the construction and acquisition of new capital assets in excess of current year depreciation expense. Deferred outflows of resources decreased from the prior year mainly due to the net difference between projected and actual investment earnings on pension plan assets. Current liabilities increased due to the various stages of projects and the timing of invoices. Long-term liabilities increased from the prior year due to the issuance of revenue bonds that were partially offset by scheduled principal payments and a decrease in the net pension liability. Deferred inflows of resources increased compared to the prior year due to the net difference between projected and actual investment earnings on pension plan assets.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

Statement of Activities:

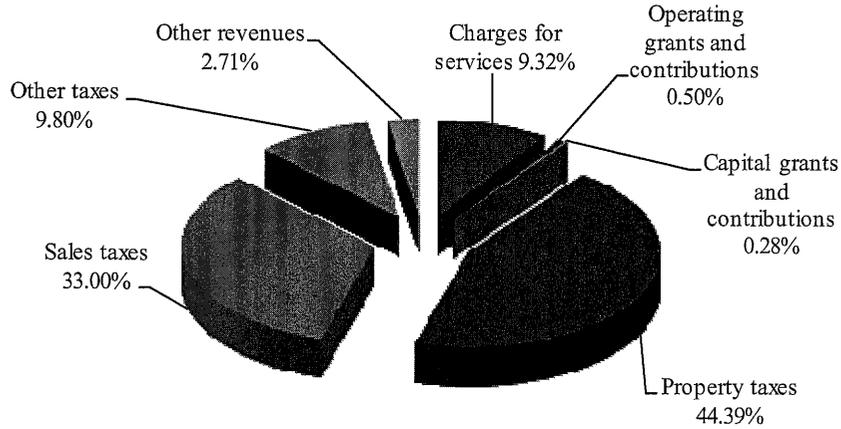
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 2,193,560	\$ 1,829,625	\$ 12,775,214	\$ 12,721,253	\$ 14,968,774	\$ 14,550,878
Operating grants and contributions	118,044	162,023	379,079	341,550	497,123	503,573
Capital grants and contributions	66,850	-	484,131	1,448,210	550,981	1,448,210
General revenues:						
Property taxes	10,443,831	9,788,862	-	-	10,443,831	9,788,862
Sales taxes	7,763,196	6,963,319	-	-	7,763,196	6,963,319
Other taxes	2,305,756	2,170,255	-	-	2,305,756	2,170,255
Other revenues	636,887	404,007	390,462	192,580	1,027,349	596,587
Total Revenues	23,528,124	21,318,091	14,028,886	14,703,593	37,557,010	36,021,684
Expenses						
General government	4,517,071	4,450,488	-	-	4,517,071	4,450,488
Public safety	8,634,931	9,096,696	-	-	8,634,931	9,096,696
Public services	2,356,952	2,074,464	-	-	2,356,952	2,074,464
Community services	2,747,378	2,860,277	-	-	2,747,378	2,860,277
Culture, parks, and recreation	1,987,194	2,043,543	-	-	1,987,194	2,043,543
Interest and fiscal agent fees	175,913	227,696	-	-	175,913	227,696
Water and sewer	-	-	6,540,982	6,207,201	6,540,982	6,207,201
Sanitation	-	-	2,347,415	2,316,125	2,347,415	2,316,125
EMS	-	-	2,170,736	2,233,013	2,170,736	2,233,013
Total Expenses	20,419,439	20,753,164	11,059,133	10,756,339	31,478,572	31,509,503
Increase in Net Position Before Transfers	3,108,685	564,927	2,969,753	3,947,254	6,078,438	4,512,181
Transfers in (out)	1,161,741	1,252,870	(1,161,741)	(1,252,870)	-	-
Change in Net Position	4,270,426	1,817,797	1,808,012	2,694,384	6,078,438	4,512,181
Beginning net position	42,036,652	40,218,855	30,321,088	27,626,704	72,357,740	67,845,559
Ending Net Position	\$ 46,307,078	\$ 42,036,652	\$ 32,129,100	\$ 30,321,088	\$ 78,436,178	\$ 72,357,740

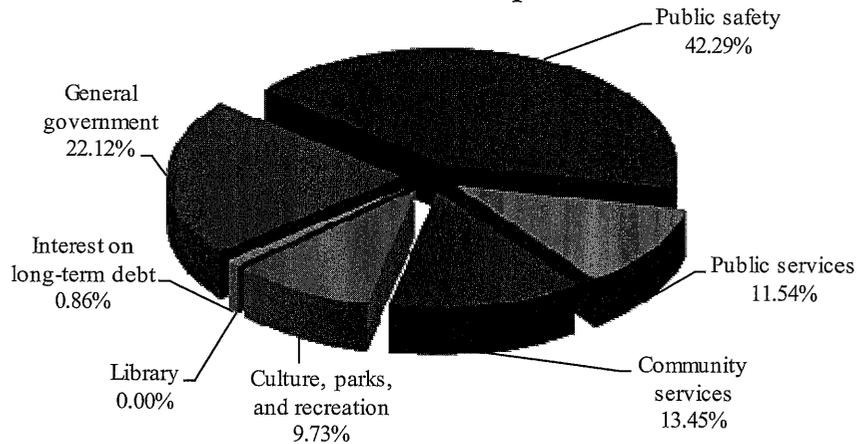
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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

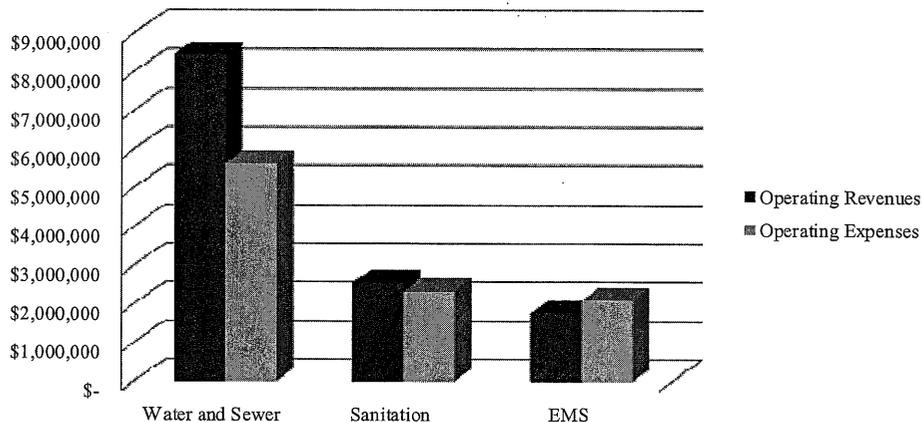
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

For the year ended September 30, 2018, revenues from governmental activities totaled \$23,528,124, which is an increase of \$2,210,033 from last year. This is primarily due to an increase in property tax revenues from an increase in the appraised values of properties within the City, an increase in sales tax revenues from improved sales within the City, an increase in citations issued, an increase in building permits and related fees, an increase in investment income, and an increase in insurance proceeds.

For the year ended September 30, 2018, expenses for governmental activities totaled \$20,419,439. Overall governmental expenses decreased by \$333,725 due largely to decreases in the net pension liability and related changes in deferred items.

Net position before transfers for business-type activities increased \$2,969,753 compared to the prior year. Revenues decreased \$674,707 compared to the prior year due to a decrease in capital grants and contributions related to the acceptance of water distribution, wastewater collections, and storm water facilities from a utility district in the prior year. Expenses increased \$302,794 compared to the prior year due to bond issuance costs related to two bond issuances and an increase in insurance costs.

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 \$18,253,196. Of this, \$19,762 is nonspendable, \$9,252,215 is restricted for various purposes, and \$2,316,828 is assigned for various projects. The remaining balance of \$6,664,391 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$2,243,220 compared to the prior year, due mainly to increases in property tax revenues, sales tax revenues, citations, permits and fees, investment earnings, and insurance proceeds. Expenditures increased compared to prior year mainly due to an increase in personnel costs, economic development projects, and 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 \$6,664,391, while total fund balance reached \$8,405,514. 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 41 percent of total general fund expenditures while total fund balance represents 51 percent of the same amount. The general fund demonstrated an overall increase of \$1,454,768 in fund balance due largely to transfers in from other funds. Compared to the prior year, revenues increased roughly 11 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, citations issued, building permits and related fees, investment earnings, and insurance proceeds. Expenditures increased roughly four percent compared to the prior year due to increases in expenditures from personnel costs and capital purchases.

The debt service fund has a total fund balance of \$152,313, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$54,627. This increase can be attributed to the property tax collections in excess of debt service expenditures.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

The sales tax capital projects fund recorded a increase of \$203,231 in fund balance. This is primarily due to the collection of more sales tax revenues than anticipated.

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 \$1,679,046 in the general fund. However, the net change in fund balance increased by \$1,454,768, resulting in a positive variance of \$3,133,814 from budgeted as amended over actual. Actual general fund revenues were more than original and amended budgeted revenues by \$955,395 during 2018. The City realized more revenues than anticipated mostly from sales taxes, licenses and permits, fines and forfeitures, charges for services, and investment income. Actual expenditures were less than budgeted amounts by \$1,606,609 for the fiscal year. Departments with the largest positive budget variances include administrative; finance; police; fire; culture, parks, and recreation; and capital outlay.

CAPITAL ASSETS

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$69,650,695 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$1,214,157.

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

- Purchase of land for \$305,770
- Completion of the following capital projects:
 - Asphalt Pavement Project (FY2017) for \$512,875
 - Kost Detention Pond for \$563,760
 - Mustang Road Project for \$1,044,659
 - Dyche Lane Elevated Storage Tank for \$1,783,726
- Construction in progress additions related to the following:
 - FM528 Extension for \$528,761
 - Annual Sidewalk Program for \$287,038
 - 2018 Concrete Pavement and Drainage for \$344,800
 - Moller Storm Improvements for \$174,322
 - Street Resurfacing and Road Construction (Johnson Street) for \$211,434
 - 54" Eastside Interceptor for \$140,936
 - Lift Station 30 Expansion and Highway 35 Gravity Mains for \$167,994
 - Water Plant #6 Tank Replacement for \$147,796
 - Water Line Improvement Phase I for \$185,935
 - Fairway and South Water Line Improvements for \$278,258
 - Wastewater Treatment Plant Upgrades for \$1,241,536
 - South Park Utility Replacement Project for \$208,529

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonds and certificates of obligation outstanding of \$33,735,018. Of this amount, \$15,280,018 was general obligation debt, certificates of obligation accounted for \$9,165,000, and revenue bonds totaled \$9,290,000.

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
Revenue bonds	N/A	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a fiscal year 2018-2019 expenditure budget of \$46,208,627, which is a decrease of 4.52 percent from the prior year budget. The City budgeted for fiscal year 2018-2019 revenues of \$46,876,000, which is an increase of 7.11 percent from the prior year budget. The 2018 net taxable value is \$1,345,219,155, an increase of 5.60 percent from the previous year. The tax rate will remain the same as the prior year at \$0.788. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2018-2019 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 Florence Chapa, Interim Finance Director, 216 West Sealy, Alvin, Texas 77511.

BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 21,020,264	\$ 11,579,848	\$ 32,600,112
Investments	749,067	496,997	1,246,064
Receivables, net of allowances	2,262,108	3,275,016	5,537,124
Inventory	37,964	34,920	72,884
Prepays and other assets	22,162	720	22,882
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	17,930,555	17,930,555
	24,091,565	33,318,056	57,409,621
Capital assets:			
Nondepreciable capital assets	7,000,684	4,390,576	11,391,260
Depreciable capital assets, net	30,812,954	27,446,481	58,259,435
	37,813,638	31,837,057	69,650,695
Total Assets	61,905,203	65,155,113	127,060,316
Deferred Outflows of Resources			
Deferred outflows - TMRS	1,099,352	265,310	1,364,662
Deferred outflows - TESRS	157,410	-	157,410
Deferred outflows - OPEB	33,622	8,115	41,737
Deferred loss on refunding	141,460	1,294,272	1,435,732
Total Deferred Outflows of Resources	1,431,844	1,567,697	2,999,541
Liabilities			
Accounts payable and accrued liabilities	1,729,967	2,668,460	4,398,427
Accrued bond interest	50,357	254,698	305,055
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	565,081	96,254	661,335
Bonds payable	719,382	2,160,620	2,880,002
Capital leases payable	36,326	-	36,326
Portion due in more than one year:			
Compensated absences	62,787	10,695	73,482
Bonds payable (net of deferred charges)	4,709,088	27,228,906	31,937,994
Capital leases payable	289,828	-	289,828
Net pension liability - TMRS	5,649,522	1,633,194	7,282,716
Net pension liability - TESRS	488,923	-	488,923
Total OPEB liability	455,381	109,899	565,280
Total Liabilities	14,756,642	34,162,726	48,919,368
Deferred Inflows of Resources			
Deferred inflows - TMRS	1,718,211	393,299	2,111,510
Deferred gain on refunding	555,116	37,685	592,801
Total Deferred Inflows of Resources	2,273,327	430,984	2,704,311
Net Position			
Net investment in capital assets	31,660,047	20,418,893	52,078,940
Restricted for:			
Nonexpendable			
Perpetual care	50,000	-	50,000
Expendable			
Debt service	152,313	-	152,313
Enabling legislation	1,521,996	-	1,521,996
Tax increment reinvestment zone	518,586	-	518,586
Capital projects	6,452,870	-	6,452,870
Permanent fund	542,097	-	542,097
Unrestricted	5,409,169	11,710,207	17,119,376
Total Net Position	\$ 46,307,078	\$ 32,129,100	\$ 78,436,178

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,517,071	\$ 463,830	\$ 84,451	\$ -
Public safety	8,634,931	1,729,730	33,593	-
Public services	2,356,952	-	-	66,850
Community services	2,747,378	-	-	-
Culture, parks, and recreation	1,987,194	-	-	-
Interest and fiscal agent fees	175,913	-	-	-
Total Governmental Activities	20,419,439	2,193,560	118,044	66,850
Business-Type Activities				
Water and sewer	6,540,982	8,458,463	-	208,529
Sanitation	2,347,415	2,566,662	-	275,602
Emergency medical services	2,170,736	1,750,089	379,079	-
Total Business-Type Activities	11,059,133	12,775,214	379,079	484,131
Total Primary Government	\$ 31,478,572	\$ 14,968,774	\$ 497,123	\$ 550,981

General Revenues:

- Property taxes
- Sales taxes
- Franchise fees
- 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
\$ (3,968,790)	\$ -	\$ (3,968,790)
(6,871,608)	-	(6,871,608)
(2,290,102)	-	(2,290,102)
(2,747,378)	-	(2,747,378)
(1,987,194)	-	(1,987,194)
(175,913)	-	(175,913)
<u>(18,040,985)</u>	<u>-</u>	<u>(18,040,985)</u>
-	2,126,010	2,126,010
-	494,849	494,849
-	(41,568)	(41,568)
<u>-</u>	<u>2,579,291</u>	<u>2,579,291</u>
<u>(18,040,985)</u>	<u>2,579,291</u>	<u>(15,461,694)</u>
10,443,831	-	10,443,831
7,763,196	-	7,763,196
1,810,062	-	1,810,062
495,694	-	495,694
370,313	390,462	760,775
266,574	-	266,574
1,161,741	(1,161,741)	-
<u>22,311,411</u>	<u>(771,279)</u>	<u>21,540,132</u>
4,270,426	1,808,012	6,078,438
<u>42,036,652</u>	<u>30,321,088</u>	<u>72,357,740</u>
<u>\$ 46,307,078</u>	<u>\$ 32,129,100</u>	<u>\$ 78,436,178</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Sales Tax Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 8,436,457	\$ 151,224	\$ 5,458,605	\$ 3,191,598
Investments	-	-	749,067	-
Receivables, net	1,240,310	47,534	893,979	80,285
Prepaid items	19,137	-	226	399
Total Assets	\$ 9,695,904	\$ 198,758	\$ 7,101,877	\$ 3,272,282
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 842,443	\$ -	\$ 663,470	\$ 15,320
Due to others	111,372	-	-	-
Total Liabilities	953,815	-	663,470	15,320
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	336,575	46,445	-	-
	336,575	46,445	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	19,137	-	226	399
Restricted for:				
Debt service	-	152,313	-	-
Perpetual care	-	-	-	50,000
Sidewalk projects	-	-	-	14,353
Enabling legislation	-	-	-	1,521,996
Tax increment reinvestment zone	-	-	-	518,586
Capital projects	-	-	6,438,181	14,689
Permanent fund	-	-	-	542,097
Assigned to:				
Special projects	1,094,118	-	-	594,842
Compensated absences	627,868	-	-	-
Unassigned	6,664,391	-	-	-
Total Fund Balances	8,405,514	152,313	6,438,407	3,256,962
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,695,904	\$ 198,758	\$ 7,101,877	\$ 3,272,282

See Notes to Financial Statements.

Total

\$ 17,237,884
749,067
2,262,108
19,762
\$ 20,268,821

\$ 1,521,233
111,372
1,632,605

383,020
383,020

19,762

152,313
50,000
14,353
1,521,996
518,586
6,452,870
542,097

1,688,960
627,868
6,664,391
18,253,196

\$ 20,268,821

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2018

Total fund balances - total governmental funds \$ 18,253,196

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, nondepreciable	7,000,684
Capital assets, net depreciable	29,398,637

Long-term liabilities and deferred outflows and deferred inflows related to the net pension and other postemployment benefit (OPEB) liability are not recognized in the governmental funds.

Net pension liability	(5,983,961)
Deferred outflows - pensions	1,225,927
Deferred inflows - pensions	(1,675,845)
Total OPEB liability	(455,381)
Deferred outflows - OPEB	33,622

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

383,020

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.

4,958,449

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

Accrued interest payable	(50,357)
Noncurrent liabilities due in one year	(1,320,789)
Noncurrent liabilities due in more than one year	(5,046,468)
Deferred gain on refunding	(555,116)
Deferred loss on refunding	141,460

Net Position of Governmental Activities	\$ 46,307,078
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See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2018

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Nonmajor Governmental</u>
Revenues				
Property taxes	\$ 9,297,708	\$ 897,664	\$ -	\$ 252,018
Sales taxes	2,588,247	-	5,174,949	-
Franchise fees	1,383,061	-	-	427,001
Other taxes	495,694	-	-	-
Licenses and permits	995,745	-	-	-
Fines and forfeitures	698,051	-	-	35,934
Charges for services	391,802	-	-	72,028
Intergovernmental	44,109	-	47,741	59,451
Investment revenue	142,924	301	106,302	80,102
Other revenue	145,321	-	286	207,430
Total Revenues	<u>16,182,662</u>	<u>897,965</u>	<u>5,329,278</u>	<u>1,133,964</u>
Expenditures				
Current:				
General government	4,426,898	-	-	127,341
Public safety	8,494,126	-	-	118,783
Public services	1,383,418	-	-	-
Community services	216,616	-	2,289,414	311,048
Culture, parks, and recreation	1,731,556	-	-	14,866
Capital outlay	129,990	-	2,318,613	-
Debt service:				
Principal	38,096	727,893	-	5,005
Interest and fiscal agent fees	11,663	114,783	-	2,618
Bond issuance costs	-	99,452	-	-
Total Expenditures	<u>16,432,363</u>	<u>942,128</u>	<u>4,608,027</u>	<u>579,661</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(249,701)</u>	<u>(44,163)</u>	<u>721,251</u>	<u>554,303</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	2,993,765	-	30,275
Premium on refunding bonds	-	221,626	-	2,241
Payment to refunded bond escrow agent	-	(3,116,601)	-	(31,517)
Transfers in	1,726,431	-	-	256,765
Transfers (out)	(21,962)	-	(518,020)	(281,473)
Total Other Financing Sources (Uses)	<u>1,704,469</u>	<u>98,790</u>	<u>(518,020)</u>	<u>(23,709)</u>
Net Change in Fund Balances	1,454,768	54,627	203,231	530,594
Beginning fund balances	6,950,746	97,686	6,235,176	2,726,368
Ending Fund Balances	<u>\$ 8,405,514</u>	<u>\$ 152,313</u>	<u>\$ 6,438,407</u>	<u>\$ 3,256,962</u>

See Notes to Financial Statements.

<u>Total</u>	
\$	10,447,390
	7,763,196
	1,810,062
	495,694
	995,745
	733,985
	463,830
	151,301
	329,629
	353,037
	<u>23,543,869</u>
	4,554,239
	8,612,909
	1,383,418
	2,817,078
	1,746,422
	2,448,603
	770,994
	129,064
	99,452
	<u>22,562,179</u>
	981,690
	3,024,040
	223,867
	(3,148,118)
	1,983,196
	(821,455)
	<u>1,261,530</u>
	2,243,220
	16,009,976
\$	<u><u>18,253,196</u></u>

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2018

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

Net changes in fund balances - total governmental funds	\$	2,243,220
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		2,618,517
Depreciation expense		(2,049,956)
<p>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.</p>		
Principal payments		732,883
Amortization of deferred amounts		54,538
Compensated absences		2,732
Capital lease activity		38,111
Issuance of refunding bonds		(3,024,040)
Premiums on issuance of refunding bonds		(223,867)
Payment to escrow agent		3,148,118
Deferred outflows - pensions		(105,443)
Deferred inflows - pensions		(2,751,820)
Net pension liability		3,361,823
Deferred outflows - OPEB		31,098
Total OPEB liability		(66,242)
Accrued interest		(1,935)
<p>On-behalf revenues and expenses in the Statement of Activities that do not provide current financial resources are not reported as revenues/expenditures in the funds.</p>		
Pension plan on-behalf revenues		33,593
Pension plan on-behalf expenses		(33,593)
<p>Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.</p>		
		(3,559)
<p>Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.</p>		
		266,248
Change in Net Position of Governmental Activities	\$	4,270,426

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 8,735,878	\$ 2,056,701	\$ 787,269	\$ 11,579,848
Investments	496,997	-	-	496,997
Accounts receivable (net of allowance for uncollectibles)	1,088,206	625,688	1,561,122	3,275,016
Inventory	34,920	-	-	34,920
Prepaid items	720	-	-	720
Restricted cash, cash equivalents, and investments:				
Construction	16,714,775	-	-	16,714,775
Customer deposits	1,215,780	-	-	1,215,780
Total Current Assets	28,287,276	2,682,389	2,348,391	33,318,056
Noncurrent assets				
Capital assets:				
Land	937,829	503,538	-	1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	4,734,269	2,610,608	36,879	7,381,756
Infrastructure	49,883,077	15,342	-	49,898,419
Equipment	2,574,609	-	534,667	3,109,276
Construction in progress	2,949,209	-	-	2,949,209
Less allowance for depreciation	(36,217,889)	(2,074,679)	(812,859)	(39,105,427)
Total Capital Assets (Net)	30,384,637	1,135,310	317,110	31,837,057
Total Noncurrent Assets	30,384,637	1,135,310	317,110	31,837,057
Total Assets	58,671,913	3,817,699	2,665,501	65,155,113
Deferred Outflows of Resources				
Deferred outflows - pensions	138,634	-	126,676	265,310
Deferred outflows - OPEB	4,241	-	3,874	8,115
Deferred loss on refunding	1,263,011	31,261	-	1,294,272
Total Deferred Outflows of Resources	1,405,886	31,261	130,550	1,567,697

**Governmental
Activities**

**Internal
Service**

\$ 3,782,380
-
-
37,964
2,400
-
-
3,822,744

-
7,754
-
-
3,645,110
-
(2,238,547)
1,414,317
1,414,317
5,237,061

30,835
-
-
30,835

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 1,153,816	\$ 206,407	\$ 92,457	\$ 1,452,680
Accrued interest payable	253,513	690	495	254,698
Bonds payable - current	2,146,804	7,468	6,348	2,160,620
Compensated absences	55,869	-	40,385	96,254
Current Liabilities Payable From Restricted Assets				
Customer deposits	1,215,780	-	-	1,215,780
Total Current Liabilities	4,825,782	214,565	139,685	5,180,032
Noncurrent liabilities				
Bonds payable, net of deferred charges	27,088,805	76,369	63,732	27,228,906
Compensated absences	6,208	-	4,487	10,695
Net pension liability	868,199	-	764,995	1,633,194
Total OPEB liability	57,426	-	52,473	109,899
Total Noncurrent Liabilities	28,020,638	76,369	885,687	28,982,694
Total Liabilities	32,846,420	290,934	1,025,372	34,162,726
Deferred Inflows of Resources				
Deferred inflows - pensions	194,235	-	199,064	393,299
Deferred gain on refunding	-	-	37,685	37,685
Total Deferred Inflows of Resources	194,235	-	236,749	430,984
Net Position				
Net investment in capital assets	19,126,814	1,082,734	209,345	20,418,893
Unrestricted net position	7,910,330	2,475,292	1,324,585	11,710,207
Total Net Position	\$ 27,037,144	\$ 3,558,026	\$ 1,533,930	\$ 32,129,100

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 97,362
-
-
13,711

-
111,073

-
1,524
154,484
-

156,008

267,081

42,366
-
42,366

1,414,317
3,544,132

\$ 4,958,449

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2018

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Operating Revenues</u>				
Water service	\$ 3,933,344	\$ -	\$ -	\$ 3,933,344
Sewer service	4,141,209	-	-	4,141,209
Sanitation service	-	2,565,805	-	2,565,805
Emergency medical service	-	-	1,706,021	1,706,021
Charges for services	-	-	-	-
Other revenue	383,910	857	44,068	428,835
Total Operating Revenues	8,458,463	2,566,662	1,750,089	12,775,214
<u>Operating Expenses</u>				
Water service	1,590,534	-	-	1,590,534
Sewer service	2,405,772	-	-	2,405,772
Sanitation service	-	2,286,424	-	2,286,424
Emergency medical service	-	-	2,080,812	2,080,812
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,644,158	55,784	45,093	1,745,035
Total Operating Expenses	5,640,464	2,342,208	2,125,905	10,108,577
Operating Income (Loss)	2,817,999	224,454	(375,816)	2,666,637
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	208,529	275,602	379,079	863,210
(Loss) on sale of capital assets	-	-	-	-
Investment revenue	333,177	42,274	15,011	390,462
Interest and fiscal agent fees	(900,518)	(5,207)	(44,831)	(950,556)
Total Nonoperating Revenues (Expenses)	(358,812)	312,669	349,259	303,116
Income Before Transfers	2,459,187	537,123	(26,557)	2,969,753
<u>Transfers</u>				
Transfers in	78,275	-	-	78,275
Transfers (out)	(709,710)	(369,863)	(160,443)	(1,240,016)
Total Transfers	(631,435)	(369,863)	(160,443)	(1,161,741)
Change in Net Position	1,827,752	167,260	(187,000)	1,808,012
Beginning net position	25,209,392	3,390,766	1,720,930	30,321,088
Ending Net Position	\$ 27,037,144	\$ 3,558,026	\$ 1,533,930	\$ 32,129,100

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ -
-
-
-
1,844,661
42,852

1,887,513

-
-
-
-
168,381
1,149,035
297,461

1,614,877

272,636

-
(47,072)
40,684
-

(6,388)

266,248

-
-
-

266,248

4,692,201

\$ 4,958,449

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2018

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 8,587,540	\$ 2,373,011	\$ 1,820,208	\$ 12,780,759
Payments to suppliers	(1,812,609)	(2,279,846)	(451,469)	(4,543,924)
Payments to employees	(1,340,210)	-	(1,748,917)	(3,089,127)
Net Cash Provided (Used) by Operating Activities	5,434,721	93,165	(380,178)	5,147,708
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	78,275	-	-	78,275
Transfer to other funds	(709,710)	(369,863)	(160,443)	(1,240,016)
Subsidy from federal grant	208,529	275,602	379,079	863,210
Net Cash Provided (Used) by Noncapital Financing Activities	(422,906)	(94,261)	218,636	(298,531)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(2,708,419)	-	(20,869)	(2,729,288)
Proceeds from issuance of bonds	9,290,000	-	-	9,290,000
Interest and fiscal agent fees paid	(544,173)	(2,581)	(43,156)	(589,910)
Principal paid on capital debt	(1,667,830)	(7,365)	(6,909)	(1,682,104)
Net Cash Provided (Used) by Capital and Related Financing Activities	4,369,578	(9,946)	(70,934)	4,288,698
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	250,460	-	-	250,460
Purchase of investments	(248,000)	-	-	(248,000)
Interest on investments	333,177	42,274	15,011	390,462
Net Cash Provided by Investing Activities	335,637	42,274	15,011	392,922
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	9,717,030	31,232	(217,465)	9,530,797
Beginning cash and equity in pooled cash and investments	16,949,403	2,025,469	1,004,734	19,979,606
Ending Cash and Equity in Pooled Cash and Investments	\$ 26,666,433	\$ 2,056,701	\$ 787,269	\$ 29,510,403
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 8,735,878	\$ 2,056,701	\$ 787,269	\$ 11,579,848
Restricted cash and equity in pooled cash and investments	17,930,555	-	-	17,930,555
	\$ 26,666,433	\$ 2,056,701	\$ 787,269	\$ 29,510,403

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,889,159

(1,122,516)

(180,789)

585,854

-

-

-

-

(40,298)

34,422

-

-

(5,876)

-

-

40,684

40,684

620,662

3,161,718

\$ 3,782,380

\$ 3,782,380

-

\$ 3,782,380

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2018

	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)	\$ 2,817,999	\$ 224,454	\$ (375,816)	\$ 2,666,637
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,644,158	55,784	45,093	1,745,035
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	85,127	(79,807)	70,119	75,439
Deferred outflows of resources	209,598	-	184,903	394,501
Inventories	56,376	-	-	56,376
Prepays	(720)	-	-	(720)
Increase (Decrease) in Current Liabilities:				
Accounts payable	837,140	6,381	6,622	850,143
Accrued interest payable	29,242	197	(182)	29,257
Compensated absences	12,712	-	5,999	18,711
Customer deposits	43,950	-	-	43,950
Deferred inflows of resources	104,074	(113,844)	53,089	43,319
Net pension liability	(413,288)	-	(377,638)	(790,926)
Total OPEB liability	8,353	-	7,633	15,986
Net Cash Provided (Used) by Operating Activities	\$ 5,434,721	\$ 93,165	\$ (380,178)	\$ 5,147,708

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 272,636

297,461

2,460

51,721

1,586

(2,400)

26,519

-

1,086

-

26,708

(91,923)

-

\$ 585,854

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2018

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.

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. TIRZ No. 1 was created

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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. TIRZ No. 2 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. TIRZ No. 3 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. 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 taxes, and franchise fees, 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 for reporting purposes.

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 the hotel/motel fund, special investigation fund, court building security fund, municipal court

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

technology fund, donation fund, juvenile case manager fund, senior fund, park dedication 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 a major fund, while the bond capital projects fund is considered a nonmajor fund 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 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

1. Cash and Cash Equivalents

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposits, are reported at cost.

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 purchased or constructed. Donated capital assets are recorded at acquisition 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 five 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 and other postemployment benefits (OPEB) 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 and total OPEB liability during the measurement period in which the contributions were made. Another deferred charge has been recognized for the net 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 actuarial assumptions. This amount is deferred and amortized over the average of the expected service lives of pension and OPEB plan members. A deferred charge has been recognized for the difference between expected and actual experience. This amount is deferred and amortized over the average of the expected service lives of pension plan members. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has 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 and the difference between expected and actual economic experience. These amounts are deferred and amortized over the average of the expected service lives of pension plan members. A deferred inflow of resources has been recognized for the net 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. Additionally, the City has a deferred gain on refunding resulting 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. At the fund level, the City has two types of items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, *unavailable revenue*, is reported only in the governmental funds balance

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

sheet. The governmental funds report unavailable revenues from both property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become 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.

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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.

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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.

12. 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.

13. 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDFB). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, 2018. The hotel/motel fund, special investigation fund, court building security fund, municipal 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, 2018

A. Expenditures in Excess of Appropriations

As of September 30, 2018, expenditures exceeded appropriations at the legal level of control as follows:

Debt Service Fund	
Interest and fiscal agent fees	\$ 1
Bond issuance costs	\$ 98,452
Payments to refunded bond escrow agent	\$3,116,601
Hotel/Motel Fund	
Debt service	
Interest and fiscal agent fees	\$ 999
Payments to refunded bond escrow agent	\$ 31,517

* Budget variances are related to refunding bonds issued during the fiscal year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,246,064	0.78
TexPool	9,008,996	0.09
Texas CLASS	1,800,415	0.14
TexSTAR	17,138,191	0.08
Total Fair Value	<u>\$ 29,193,666</u>	
Portfolio weighted average maturity		0.12

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 (SEC) registered and regulated money market mutual funds must have an investment quality not less than "AAA-", or at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2018, 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, 2018, market values of pledged securities were \$28,581,937 and bank balances were \$23,448,411.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 is measured at amortized cost. TexSTAR's strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national or state emergency that affects TexSTAR's liquidity.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Sales Tax Capital Projects	Nonmajor	Total
Property taxes	\$ 471,873	\$ 83,090	\$ -	\$ -	\$ 554,963
Sales taxes	443,779	-	887,292	-	1,331,071
Franchise fees	380,012	-	-	-	380,012
Other taxes	-	-	-	63,225	63,225
Intergovernmental	-	-	1,285	-	1,285
Accounts receivable	83,679	1,089	349	17,060	102,177
Other receivables	17,170	-	5,053	-	22,223
Less allowance	(156,203)	(36,645)	-	-	(192,848)
	<u>\$ 1,240,310</u>	<u>\$ 47,534</u>	<u>\$ 893,979</u>	<u>\$ 80,285</u>	<u>\$ 2,262,108</u>

Proprietary Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Total Enterprise Funds
Intergovernmental	\$ -	\$ 275,602	\$ -	\$ 275,602
Accounts receivable	1,130,551	360,976	2,708,213	4,199,740
Other receivables	1,759	-	66,048	67,807
Less allowance	(44,104)	(10,890)	(1,213,139)	(1,268,133)
	<u>\$ 1,088,206</u>	<u>\$ 625,688</u>	<u>\$ 1,561,122</u>	<u>\$ 3,275,016</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 4,833,298	\$ 305,770	\$ -	\$ 5,139,068
Construction in progress	1,778,558	2,264,832	(2,181,774)	1,861,616
Total capital assets not being depreciated	<u>6,611,856</u>	<u>2,570,602</u>	<u>(2,181,774)</u>	<u>7,000,684</u>
Other capital assets:				
Buildings	13,751,478	-	-	13,751,478
Infrastructure	36,224,941	2,164,290	-	38,389,231
Improvements other than buildings	6,615,017	43,680	-	6,658,697
Machinery and equipment	15,268,748	75,699	(338,926)	15,005,521
Total other capital assets	<u>71,860,184</u>	<u>2,283,669</u>	<u>(338,926)</u>	<u>73,804,927</u>
Less accumulated depreciation for:				
Buildings	(9,477,144)	(462,065)	-	(9,939,209)
Infrastructure	(17,310,486)	(788,796)	-	(18,099,282)
Improvements other than buildings	(3,338,221)	(261,854)	-	(3,600,075)
Machinery and equipment	(10,762,455)	(797,712)	206,760	(11,353,407)
Total accumulated depreciation	<u>(40,888,306)</u>	<u>(2,310,427)</u>	<u>206,760</u>	<u>(42,991,973)</u>
Other capital assets, net	30,971,878	(26,758)	(132,166)	30,812,954
Governmental Activities Capital Assets, Net	<u>\$ 37,583,734</u>	<u>\$ 2,543,844</u>	<u>\$ (2,313,940)</u>	<u>37,813,638</u>
			Plus unspent bond proceeds	14,689
			Less net deferred charge on refunding	(413,656)
			Less associated debt	<u>(5,754,624)</u>
			Net Investment in Capital Assets	<u>\$ 31,660,047</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 39,975
Public safety	703,190
Public services	916,999
Community services	67,929
Culture, parks, and recreation	284,873
Internal service fund	297,461
Total Governmental Activities Depreciation Expense	<u>\$ 2,310,427</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	2,162,901	2,570,034	(1,783,726)	2,949,209
Total capital assets not being depreciated	3,604,268	2,570,034	(1,783,726)	4,390,576
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	49,898,419	-	-	49,898,419
Improvements other than buildings	5,598,030	1,783,726	-	7,381,756
Machinery and equipment	2,950,022	159,254	-	3,109,276
Total other capital assets	64,608,928	1,942,980	-	66,551,908
Less accumulated depreciation for:				
Buildings	(4,650,397)	(151,335)	-	(4,801,732)
Infrastructure	(28,806,404)	(1,259,678)	-	(30,066,082)
Improvements other than buildings	(2,370,330)	(184,416)	-	(2,554,746)
Machinery and equipment	(1,533,261)	(149,606)	-	(1,682,867)
Total accumulated depreciation	(37,360,392)	(1,745,035)	-	(39,105,427)
Other capital assets, net	27,248,536	197,945	-	27,446,481
Business-Type Activities Capital Assets, Net	\$ 30,852,804	\$ 2,767,979	\$ (1,783,726)	31,837,057
			Plus unspent bond proceeds	16,714,775
			Plus deferred charge on refunding	1,256,587
			Less associated debt	(29,389,526)
			Net Investment in Capital Assets	\$ 20,418,893

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,644,158
Sanitation	55,784
Emergency medical services	45,093
Total Business-Type Activities Depreciation Expense	\$ 1,745,035

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 2,777,474	\$ 3,024,040	\$ (875,748)	\$ 4,925,766	* \$ 511,437
Certificates of obligation	3,743,010	-	(3,535,065)	207,945	* 207,945
Deferred amounts:					
For issuance discounts/premiums	175,545	223,867	(104,653)	294,759	* -
Capital leases	364,265	-	(38,111)	326,154	* 36,326
	<u>7,060,294</u>	<u>3,247,907</u>	<u>(4,553,577)</u>	<u>5,754,624</u>	<u>755,708</u>
Other liabilities:					
Net pension liability - TMRS	8,926,832	-	(3,277,310)	5,649,522	-
Net pension liability - TESRS	665,359	-	(176,436)	488,923	-
Total OPEB liability	389,139	66,242	-	455,381	-
Compensated absences	629,517	606,203	(607,852)	627,868	565,081
Total Governmental Activities	<u>\$ 17,671,141</u>	<u>\$ 3,920,352</u>	<u>\$ (8,615,175)</u>	<u>\$ 12,976,318</u>	<u>\$ 1,320,789</u>

Long-term debt due in more than one year \$ 11,655,529

***Debt associated with governmental activities capital assets** \$ 5,754,624

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
General obligation bonds					
General obligation bonds	\$ 10,567,531	\$ 1,300,960	\$ (1,514,239)	\$ 10,354,252	* \$ 1,148,565
Certificates of obligation	9,776,990	-	(819,935)	8,957,055	* 547,055
Revenue bonds	-	9,290,000	-	9,290,000	* 465,000
Deferred amounts:					
For issuance discounts/premiums	490,004	374,557	(76,342)	788,219	* -
	<u>20,834,525</u>	<u>10,965,517</u>	<u>(2,410,516)</u>	<u>29,389,526</u>	<u>2,160,620</u>
Other liabilities:					
Net pension liability - TMRS	2,424,120	-	(790,926)	1,633,194	-
Total OPEB liability	93,913	15,986	-	109,899	-
Compensated absences	88,238	100,111	(81,400)	106,949	96,254
Total Business-Type Activities	<u>\$ 23,440,796</u>	<u>\$ 11,081,614</u>	<u>\$ (3,282,842)</u>	<u>\$ 31,239,568</u>	<u>\$ 2,256,874</u>

Long-term debt due in more than one year \$ 28,982,694

***Debt associated with business-type activities capital assets** \$ 29,389,526

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, net pension liability, and total OPEB liability 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 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.

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental Activities		
General Obligation Bonds		
Series 2011 refunding	4.00%	\$ 766,166
Series 2012 refunding	1.25-2.00%	816,008
Series 2013 taxnote	1.59%	365,000
Series 2017 refunding	3.00-4.00%	<u>2,978,592</u>
Total General Obligation Bonds		<u>4,925,766</u>
Certificates of Obligation		
Series 2011	3.00-4.00%	<u>207,945</u>
Total Certificates of Obligation		<u>207,945</u>
Capital Leases		
Fire truck	3.24%	318,127
Motorcycles	1.81%	8,027
Total Capital Leases		<u>326,154</u>
Total Governmental Activities Long-Term Debt		<u>\$ 5,459,865</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
Series 2011 refunding	4.00%	\$ 848,845
Series 2012 refunding	1.25-2.00%	3,908,993
Series 2013 refunding	2.95%	4,315,000
Series 2017 refunding	3.00-4.00%	1,281,414
Total General Obligation Bonds		10,354,252
Certificates of Obligation		
Series 2011	3.00-4.00%	17,055
Series 2015	2.00-4.00%	8,940,000
Total Certificates of Obligation		8,957,055
Revenue Bonds		
Series 2018	3.00-4.00%	9,290,000
Total Business-Type Activities Long-Term Debt		\$ 28,601,307

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
2019	\$ 719,382	\$ 137,284	\$ 36,326	\$ 10,432	\$ 2,160,620	\$ 833,759
2020	681,613	122,596	28,331	9,427	2,233,388	792,410
2021	560,631	107,567	29,250	8,508	2,239,371	729,771
2022	570,858	91,588	30,199	7,560	2,254,143	666,375
2023	393,938	78,028	31,178	6,580	1,981,064	605,299
2024-2028	1,424,804	246,756	170,870	17,063	9,060,197	2,181,638
2029-2033	782,485	33,916	-	-	5,307,525	958,196
2034-2038	-	-	-	-	3,364,999	234,382
Total	\$ 5,133,711	\$ 817,735	\$ 326,154	\$ 59,570	\$ 28,601,307	\$ 7,001,830

The City is not obligated in any manner for special assessment debt.

Capital assets acquired under current capital lease obligations totaled \$505,061 (machinery and equipment) less accumulated depreciation of \$263,317, net \$241,744.

Advance Refunding

The City issued \$4,325,000 of General Obligation Refunding Bonds, Series 2017 to provide resources for the partial refunding of \$3,610,000 of Tax and Revenue Certificates of Obligation, Series 2011 and \$720,000 of General Obligation Refunding Bonds, Series 2011. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$87,779. This amount is being amortized over the remaining life of the new debt. This refunding was undertaken to reduce total debt service payments over the next 14 years by \$335,585 and resulted in an economic gain of \$279,860. At September 30, 2018, \$3,610,000 of the defeased Tax and Revenue Certificates of Obligation, Series 2011 and \$720,000 of the defeased General Obligation Bonds, Series 2011 remain outstanding.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Revenue Bonds

The City issued \$9,290,000 of Water and Sewer System Revenue Bonds, Series 2018. Proceeds from the sale of bonds will be used to pay for acquiring, constructing, improving, and equipping and extending the water and sewer system. Principal and interest on the bonds is payable from the net revenues of the water and sewer system. The bonds mature on February 1, 2038 and have an interest rate that ranges from 3.00% to 4.00%.

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

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:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Water and sewer	\$ 709,710
General	Sanitation	291,588
General	Emergency medical services	160,443
General	Sales tax	518,020
General	Nonmajor governmental	46,670
Utility	Sanitation	78,275
Nonmajor governmental	General	21,962
Nonmajor governmental	Nonmajor governmental	234,803
		<u>\$ 2,061,471</u>

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

F. Fund Equity

As of September 30, 2018, \$1,521,996 of the City's total fund balance is restricted by enabling legislation.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

G. Restatement of Net Position

Beginning fund balance for the City's general fund has been restated for insurance expenditures that should have been accrued in the prior year. Beginning net position for governmental activities, water and sewer fund, emergency medical services fund, and business-type activities were restated for the implementation of Governmental Account Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* as follows:

	<u>General</u>	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Emergency Medical Services</u>	<u>Business-Type Activities</u>
Prior year ending fund balance/net position	\$ 7,076,866	\$ 42,549,387	\$ 25,258,147	\$ 1,765,479	\$ 30,414,392
Total OPEB liability	-	(389,139)	(49,073)	(44,840)	(93,913)
Contributions subsequent to the measurement date (OPEB)	-	2,524	318	291	609
Insurance accrual	(126,120)	(126,120)	-	-	-
Beginning Fund Balance/Net Position - Restated	<u>\$ 6,950,746</u>	<u>\$ 42,036,652</u>	<u>\$ 25,209,392</u>	<u>\$ 1,720,930</u>	<u>\$ 30,321,088</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, 2018

C. Construction and Other Significant Commitments

Commitments

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Annual Sidewalk Program	\$ 279,570	\$ 256,150	\$ 23,420
2018 Concrete Pavement & Drainage	663,197	338,701	324,496
Total	<u>\$ 942,767</u>	<u>\$ 594,851</u>	<u>\$ 347,916</u>

Encumbrances

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

General fund	\$ 614,500
Sales tax capital projects fund	1,794,198
Internal service funds	162,001
Nonmajor governmental funds	165,461
Total	<u>\$ 2,736,160</u>

Commitments

Construction in progress and remaining commitments under related construction contracts for business-type activities 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	\$ 4,604,156	\$ 1,110,298	\$ 3,493,858
South Park Utility Replacement Project	235,729	208,529	27,200
Total	<u>\$ 4,839,885</u>	<u>\$ 1,318,827</u>	<u>\$ 3,521,058</u>

Encumbrances

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

Water and sewer fund	\$ 463,174
Emergency management services fund	1,628
Total	<u>\$ 464,802</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

D. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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>2018</u>	<u>2017</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	70% of CPI

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	121
Inactive employees entitled to, but not yet receiving, benefits	225
Active employees	210
Total	<u><u>556</u></u>

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 17.80 percent and 17.63 percent in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$1,872,284, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 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, 2017 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male 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, 2018

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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	\$ 1,851,461	\$ -	\$ 1,851,461
Interest	3,959,729	-	3,959,729
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(620,978)	-	(620,978)
Changes in assumptions	-	-	-
Contributions - employer	-	1,936,060	(1,936,060)
Contributions - employee	-	761,470	(761,470)
Net investment income	-	6,596,839	(6,596,839)
Benefit payments, including refunds of employee contributions	(2,424,659)	(2,424,659)	-
Administrative expense	-	(34,188)	34,188
Other changes	-	(1,733)	1,733
Net Changes	2,765,553	6,833,789	(4,068,236)
Balance at December 31, 2016	58,949,250	47,598,298	11,350,952
Balance at December 31, 2017	\$ 61,714,803	\$ 54,432,087	\$ 7,282,716

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 NPL 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	\$ 16,418,044	\$ 7,282,716	\$ (136,483)

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, 2018, the City recognized pension expense of \$1,382,330.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

At September 30, 2018, 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	\$ -	\$ 724,117
Changes in actuarial assumptions	-	317
Net difference between projected and actual investment earnings	-	1,387,076
Contributions subsequent to the measurement date	1,364,662	-
Total	\$ 1,364,662	\$ 2,111,510

\$1,364,662 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2019	\$ (343,561)
2020	(327,945)
2021	(763,214)
2022	(676,790)
Total	\$ (2,111,510)

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 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, 2017, there were 235 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, 2017, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,104
Terminated Members Entitled to Benefits but Not Yet Receiving Them	2,208
Active Participants (Vested and Nonvested)	4,046

Pension Plan Fiduciary Net Position

Detailed information about the TESRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, 2016, the Part Two contributions were established by the Board to be two percent, if the Part One contributions beginning September 1, 2017.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, 2017, total contributions (dues, prior service, and interest on prior service financing) of \$104,155 were paid by the City. The State appropriated \$1,583,825 for the fiscal year ending August 31, 2017 to the plan as a whole.

Actuarial Assumptions

The TPL in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2016
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	3.00%
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 2024 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 4.97%) and by adding expected inflation (3.00%). In addition, the final 7.75 percent assumption reflected a reduction of 0.22 percent for adverse deviation.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

The target allocation and expected arithmetic 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 Net Real Rate of Return</u>
Equities		
Large cap domestic	32%	5.72%
Small cap domestic	10%	5.96%
Developed international	21%	6.21%
Emerging markets	6%	7.18%
Master limited partnership	5%	7.61%
Fixed income		
Domestic	21%	1.61%
International	5%	1.81%
Cash	- %	- %
Total	<u>100%</u>	
Weighted average		4.97%

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. No projection of cash flows was used to determine the discount rate because the August 31, 2016 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. 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 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	<u>\$ 913,025</u>	<u>\$ 488,923</u>	<u>\$ 221,378</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

At August 31, 2017, the City reported a liability of \$488,923 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	\$	488,923
State's proportionate share that is associated with the City*		160,103
Total	\$	649,026

**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, 2017. 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, 2017. The City used the assumption that any differences in the NPL measured as of August 31, 2017 versus September 30, 2017 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, 2016 through August 31, 2017.

At August 31, 2017, the City's proportion of the collective NPL was 2.037 percent, which was a decrease of 0.247 percent from its proportion measured as of August 31, 2016.

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 measurement year ended August 31, 2017, the City recognized pension expense of \$102,587. The City recognized on-behalf revenues of \$33,593 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, 2018

At August 31, 2017, 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	\$ 45,594	\$ -
Changes in assumptions	7,142	-
Difference between expected and actual experience	519	-
Contributions paid to TESRS subsequent to the measurement date	104,155	-
Total	\$ 157,410	\$ -

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:

Fiscal Year Ended September 30	Pension Expense
2019	\$ 23,006
2020	42,203
2021	(2,026)
2022	(9,928)
Total	\$ 53,255

E. Other Postemployment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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 assure 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Benefits

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). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to, but not yet receiving, benefits	38
Active employees	210
Total	330

Total OPEB Liability

The City's total OPEB liability of \$565,280 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projects on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rate are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 20,668
Interest	18,568
Changes of assumptions	47,344
Benefit payments*	(4,351)
Net Changes	82,229
Beginning balance	483,051
Ending Balance	\$ 565,280

* Benefit payments are treated as being equal to the employer's yearly contributions for retirees due to the SDBF being considered an unfunded OPEB plan under GASB 75.

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

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	\$ 688,527	\$ 565,280	\$ 471,038

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$47,939. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 38,641	\$ -
Contributions subsequent to the measurement date	3,096	-
Total	\$ 41,737	\$ -

\$3,096 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2019.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u> <u>September 30</u>	<u>OPEB Expense</u> <u>Amount</u>
2019	\$ 8,703
2020	8,703
2021	8,703
2022	8,703
2023	3,829
Total	\$ 38,641

F. 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.

G. 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 developer (the “Developer”). The term of this Agreement is for a period of seven years. This Developer 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. Any year in which the number of full-time equivalent employees falls below the required 165 employees, the grant payments shall be prorated for each applicable year based upon the actual number of employees divided by 165. The Agreement provides for a maximum grant payment of \$704,867 over the seven-year term. For the fiscal year ending September 30, 2018 the City recognized grant expenditures of \$77,779.

- For years 2014 and 2015, the Developer shall receive a base grant of 80 percent of the real property taxes and personal property taxes collected not to exceed \$97,223.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

- For years 2016, 2017, and 2018, the Developer shall receive a base grant of 60 percent of the real property taxes and personal property taxes collected not to exceed \$77,779.
- For years 2019 and 2020, the Developer shall receive a base grant of 50 percent of the real property taxes and personal property taxes collected not to exceed \$68,056.

For each 1,000 hotel room nights generated annually above the hotel room night baseline, the Developer shall receive an additional five percent above the based grant of real property taxes and personal property taxes collected by the City up to a maximum of 20 percent above the base grant.

H. Industrial District Agreement

On November 21, 2013, the City entered into an industrial district agreement (the “Agreement”) with one company (the “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 \$436,178 related to this Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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

GENERAL FUND

For the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 9,273,121	\$ 9,273,121	\$ 9,297,708	\$ 24,587
Sales taxes	2,384,209	2,384,209	2,588,247	204,038
Franchise fees	1,330,000	1,330,000	1,383,061	53,061
Other taxes	486,198	486,198	495,694	9,496
Licenses and permits	720,950	720,950	995,745	274,795
Fines and forfeitures	542,562	542,562	698,051	155,489
Charges for services	308,928	308,928	391,802	82,874
Intergovernmental	25,000	25,000	44,109	19,109
Investment revenue	25,000	25,000	142,924	117,924
Other revenue	5,000	131,299	145,321	14,022
Total Revenues	<u>15,100,968</u>	<u>15,227,267</u>	<u>16,182,662</u>	<u>955,395</u>
Expenditures				
General government:				
Administrative	2,345,513	2,362,957	2,253,385	109,572
City attorney	366,135	386,135	383,034	3,101
City manager	308,693	346,887	346,000	887
Finance	1,035,280	1,058,894	978,242	80,652
Economic development	442,010	496,657	466,237	30,420
Total general government expenditures	<u>4,497,631</u>	<u>4,651,530</u>	<u>4,426,898</u>	<u>224,632</u>
Public safety:				
Police	7,253,963	7,284,263	7,077,286	206,977
Fire	1,797,258	2,260,851	1,416,840	844,011
Total public safety expenditures	<u>9,051,221</u>	<u>9,545,114</u>	<u>8,494,126</u>	<u>1,050,988</u>
Public services	1,125,106	1,439,406	1,383,418	55,988
Code enforcement	76,598	225,972	216,616	9,356
Culture, parks, and recreation	1,843,044	1,872,537	1,731,556	140,981
Capital outlay	120,000	254,654	129,990	124,664
Debt service:				
Principal	38,095	38,096	38,096	-
Interest	11,663	11,663	11,663	-
Total Expenditures	<u>16,763,358</u>	<u>18,038,972</u>	<u>16,432,363</u>	<u>1,606,609</u>
(Deficiency) of Revenues				
(Under) Expenditures	<u>(1,662,390)</u>	<u>(2,811,705)</u>	<u>(249,701)</u>	<u>2,562,004</u>
Other Financing Sources (Uses)				
Transfers in	1,447,433	1,597,015	1,726,431	129,416
Transfers (out)	(21,962)	(464,356)	(21,962)	442,394
Total Other Financing Sources	<u>1,425,471</u>	<u>1,132,659</u>	<u>1,704,469</u>	<u>571,810</u>
Net Change in Fund Balance	<u>\$ (236,919)</u>	<u>\$ (1,679,046)</u>	<u>1,454,768</u>	<u>\$ 3,133,814</u>
Beginning fund balance			<u>6,950,746</u>	
Ending Fund Balance			<u>\$ 8,405,514</u>	

Notes to Required Supplementary Information:

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

CITY OF ALVIN, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

For the Year Ended September 30, 2018

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 1,460,829	\$ 1,616,487	\$ 1,738,557	\$ 1,851,461
Interest (on the total pension liability)	3,560,403	3,719,799	3,776,318	3,959,729
Difference between expected and actual experience	(576,076)	(321,137)	(446,258)	(620,978)
Change of assumptions	-	(1,849)	-	-
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)	(2,391,073)	(2,424,659)
Net Change in Total Pension Liability	<u>2,100,056</u>	<u>2,866,621</u>	<u>2,677,544</u>	<u>2,765,553</u>
Beginning total pension liability	<u>51,305,029</u>	<u>53,405,085</u>	<u>56,271,706</u>	<u>58,949,250</u>
Ending Total Pension Liability	<u>\$ 53,405,085</u>	<u>\$ 56,271,706</u>	<u>\$ 58,949,250</u>	<u>\$ 61,714,803</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,632,538	\$ 1,679,984	\$ 1,720,047	\$ 1,936,060
Contributions - employee	701,725	692,922	712,941	761,470
Net investment income	2,400,952	65,412	3,012,957	6,596,839
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)	(2,391,073)	(2,424,659)
Administrative expense	(25,065)	(39,842)	(34,025)	(34,188)
Other	(2,061)	(1,967)	(1,833)	(1,733)
Net Change in Plan Fiduciary Net Position	<u>2,362,989</u>	<u>249,830</u>	<u>3,019,014</u>	<u>6,833,789</u>
Beginning plan fiduciary net position	<u>41,966,465</u>	<u>44,329,454</u>	<u>44,579,284</u>	<u>47,598,298</u>
Ending Plan Fiduciary Net Position	<u>\$ 44,329,454</u>	<u>\$ 44,579,284</u>	<u>\$ 47,598,298</u>	<u>\$ 54,432,087</u>
Net Pension Liability	<u>\$ 9,075,631</u>	<u>\$ 11,692,422</u>	<u>\$ 11,350,952</u>	<u>\$ 7,282,716</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.01%	79.22%	80.74%	88.20%
Covered Payroll	\$ 9,969,181	\$ 9,898,879	\$ 10,184,868	\$ 10,878,149
Net Pension Liability as a Percentage of Covered Payroll	91.04%	118.12%	111.45%	66.95%

*Only four years of information is currently available. The City will build this schedule over the next six-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, 2018

	Measurement Year*			
	2014	2015	2016	2017
City's proportion of the net pension liability	2.245%	2.045%	2.284%	2.037%
City's proportionate share of the net pension liability	\$ 407,953	\$ 545,886	\$ 665,359	\$ 488,923
State's proportionate share of the net pension liability	137,856	189,220	230,021	160,103
Total	\$ 545,809	\$ 735,106	\$ 895,380	\$ 649,026
Number of Active Members**	44	50	50	44
City's net pension liability per active member	\$ 9,272	\$ 10,918	\$ 13,307	\$ 11,112
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%

*Only four years of information is currently available. The City will build this schedule over the next six-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.

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CITY OF ALVIN, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2018

	Measurement
	Year*
	2017
Total OPEB Liability	
Service cost	\$ 20,668
Interest (on the total OPEB liability)	18,568
Change of assumptions	47,344
Benefit payments	(4,351)
Net Change in Total OPEB Liability	82,229
Beginning total OPEB liability	483,051
Ending Total OPEB Liability	\$ 565,280
Covered Payroll	\$ 10,878,149
Total OPEB Liability as a Percentage of Covered Payroll	5.20%

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

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.

Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
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Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.
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Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2018

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,622,457	\$ 1,658,549	\$ 1,709,898	\$ 1,875,080
Contributions in relation to the actuarially determined contribution	1,537,110	1,636,064	1,709,898	1,875,080
Contribution deficiency**	<u>\$ 85,347</u>	<u>\$ 22,485</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 9,505,867</u>	<u>\$ 9,753,201</u>	<u>\$ 10,123,318</u>	<u>\$ 10,679,704</u>
Contributions as a percentage of covered payroll	16.17%	16.77%	16.89%	17.56%

*Only five years of information is currently available. The City will build this schedule over the next five-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	28 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 2015 valuation pursuant to an experience study of the period 2010-2014.
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.

Fiscal Year
2018

\$ 1,872,284

1,872,284

\$ -

\$ 10,592,375

17.68%

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2018

	Fiscal Year*			
	2014	2015	2016	2017
Contractually required contribution	\$ 101,675	\$ 96,600	\$ 104,650	\$ 98,525
Contributions in relation to the contractually required contribution	<u>101,675</u>	<u>96,600</u>	<u>104,650</u>	<u>98,525</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members**	44	44	50	47
Contributions per active member	\$ 2,311	\$ 2,195	\$ 2,093	\$ 2,096

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

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

Fiscal Year
2018

\$ 104,155

104,155

\$ -

47

\$ 2,216

***COMBINING STATEMENTS
AND SCHEDULES***

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

For the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 887,736	\$ 887,736	\$ 897,664	\$ 9,928
Investment revenue	-	-	301	301
Total Revenues	<u>887,736</u>	<u>887,736</u>	<u>897,965</u>	<u>10,229</u>
Expenditures				
Debt service:				
Principal	682,900	727,893	727,893	-
Interest and fiscal agent fees	202,836	114,782	114,783	(1) *
Bond issuance costs	1,000	1,000	99,452	(98,452) *
Total Expenditures	<u>886,736</u>	<u>843,675</u>	<u>942,128</u>	<u>(98,453)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	<u>1,000</u>	<u>44,061</u>	<u>(44,163)</u>	<u>(88,224)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	2,993,765	2,993,765
Premium on refunding bond	-	-	221,626	221,626
Payment to refunded bond escrow agent	-	-	(3,116,601)	(3,116,601) *
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>98,790</u>	<u>98,790</u>
Net Change in Fund Balance				
	<u>\$ 1,000</u>	<u>\$ 44,061</u>	<u>54,627</u>	<u>\$ 10,566</u>
Beginning fund balance			<u>97,686</u>	
Ending Fund Balance			<u>\$ 152,313</u>	

* Expenditures exceeded appropriations at the legal level of control.

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CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Hotel/Motel Fund

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

Special Investigation Fund

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

Court Building Security Fund

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

Municipal Court Technology Fund

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

Donation Fund

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

Juvenile Case Manager Fund

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

Senior Fund

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

Park Dedication Fund

This fund is designated to receive donations for local parks.

Comcast PEG Fees Fund

This fund is used to account for revenues and expenditures from Public, Educational, and 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.

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, 2018

	Special Revenue Funds			
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 943,046	\$ 118,043	\$ 155,304	\$ 46,114
Receivables, net	63,375	-	-	-
Prepaid items	-	-	399	-
Total Assets	\$ 1,006,421	\$ 118,043	\$ 155,703	\$ 46,114
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,913	\$ -	\$ -	\$ 156
Total Liabilities	9,913	-	-	156
Fund balances:				
Nonspendable:				
Prepaid items	-	-	399	-
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	-
Enabling legislation	996,508	-	155,304	45,958
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	118,043	-	-
Total Fund Balances	996,508	118,043	155,703	45,958
Total Liabilities and Fund Balances	\$ 1,006,421	\$ 118,043	\$ 155,703	\$ 46,114

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2018

	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	\$ 49,632	\$ 10,648	\$ 448,245	\$ 14,353
Receivables, net	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 49,632	\$ 10,648	\$ 448,245	\$ 14,353
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	14,353
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	49,632	10,648	448,245	-
Capital projects	-	-	-	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Total Fund Balances	49,632	10,648	448,245	14,353
Total Liabilities and Fund Balances	\$ 49,632	\$ 10,648	\$ 448,245	\$ 14,353

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Bond Capital Projects</u>	<u>Cemetery</u>	
\$ 14,689	\$ 590,911	\$ 3,191,598
-	1,200	80,285
-	-	399
<u>\$ 14,689</u>	<u>\$ 592,111</u>	<u>\$ 3,272,282</u>
\$ -	\$ 14	\$ 15,320
-	14	15,320
-	-	399
-	50,000	50,000
-	-	14,353
-	-	1,521,996
-	-	518,586
14,689	-	14,689
-	542,097	542,097
-	-	594,842
<u>14,689</u>	<u>592,097</u>	<u>3,256,962</u>
<u>\$ 14,689</u>	<u>\$ 592,111</u>	<u>\$ 3,272,282</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, 2018

	<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 fees	380,020	-	-	-
Fines and forfeitures	-	-	15,400	20,534
Charges for services	-	-	-	-
Intergovernmental	-	4,702	-	-
Investment revenue	59,678	956	2,717	770
Other revenue	-	47,550	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	439,698	53,208	18,117	21,304
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	68,902	7,033	2,263
Community services	284,749	-	-	-
Culture, parks, and recreation	-	-	-	-
Debt service:				
Principal	5,005	-	-	-
Interest and fiscal charges	2,618	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	292,372	68,902	7,033	2,263
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<hr/>	<hr/>	<hr/>	<hr/>
	147,326	(15,694)	11,084	19,041
Other Financing Sources (Uses)				
Debt issued	30,275	-	-	-
Premium on refunding bond	2,241	-	-	-
Payment to refunded bond escrow agent	(31,517)	-	-	-
Transfer in	-	-	-	-
Transfers (out)	(11,150)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(10,151)	-	-	-
Net Change in Fund Balances	137,175	(15,694)	11,084	19,041
Beginning fund balances	<hr/>	<hr/>	<hr/>	<hr/>
	859,333	133,737	144,619	26,917
Ending Fund Balances	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 996,508	\$ 118,043	\$ 155,703	\$ 45,958

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	46,981	-
-	-	-	-	-	-
-	-	-	-	-	-
54,749	-	-	-	-	-
425	1,550	177	-	5,813	-
-	30,739	7,941	121,200	-	-
<u>55,174</u>	<u>32,289</u>	<u>8,118</u>	<u>121,200</u>	<u>52,794</u>	<u>-</u>
3,430	-	-	-	-	-
29,290	11,295	-	-	-	-
-	-	5,524	-	-	-
14,866	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>47,586</u>	<u>11,295</u>	<u>5,524</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,588</u>	<u>20,994</u>	<u>2,594</u>	<u>121,200</u>	<u>52,794</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7,588	20,994	2,594	121,200	52,794	-
108,420	67,187	7,410	141,406	271,432	10,061
<u>\$ 116,008</u>	<u>\$ 88,181</u>	<u>\$ 10,004</u>	<u>\$ 262,606</u>	<u>\$ 324,226</u>	<u>\$ 10,061</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, 2018

	Special Revenue Funds			
	TIRZ No. 2	TIRZ No. 3	Kendall Lakes TIRZ Redevelop- ment Authority	Sidewalk
Revenues				
Property taxes	\$ 247,161	\$ 4,857	\$ -	\$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	9,878
Intergovernmental	-	-	-	-
Investment revenue	-	-	394	-
Other revenue	-	-	-	-
Total Revenues	<u>247,161</u>	<u>4,857</u>	<u>394</u>	<u>9,878</u>
Expenditures				
Current:				
General government	-	-	123,911	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>123,911</u>	<u>-</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>247,161</u>	<u>4,857</u>	<u>(123,517)</u>	<u>9,878</u>
Other Financing Sources (Uses)				
Debt issued	-	-	-	-
Premium on refunding bond	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer in	-	-	234,803	-
Transfers (out)	(234,803)	-	-	-
Total Other Financing Sources (Uses)	<u>(234,803)</u>	<u>-</u>	<u>234,803</u>	<u>-</u>
Net Change in Fund Balances	12,358	4,857	111,286	9,878
Beginning fund balances	37,274	5,791	336,959	4,475
Ending Fund Balances	<u>\$ 49,632</u>	<u>\$ 10,648</u>	<u>\$ 448,245</u>	<u>\$ 14,353</u>

<u>Capital Projects Fund</u>	<u>Permanent Fund</u>	
<u>Bond Capital Projects</u>	<u>Cemetery</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 252,018
-	-	427,001
-	-	35,934
-	62,150	72,028
-	-	59,451
280	7,342	80,102
-	-	207,430
<u>280</u>	<u>69,492</u>	<u>1,133,964</u>
-	-	127,341
-	-	118,783
-	20,775	311,048
-	-	14,866
-	-	5,005
-	-	2,618
<u>-</u>	<u>20,775</u>	<u>579,661</u>
<u>280</u>	<u>48,717</u>	<u>554,303</u>
-	-	30,275
-	-	2,241
-	-	(31,517)
-	21,962	256,765
-	(35,520)	(281,473)
<u>-</u>	<u>(13,558)</u>	<u>(23,709)</u>
280	35,159	530,594
<u>14,409</u>	<u>556,938</u>	<u>2,726,368</u>
<u>\$ 14,689</u>	<u>\$ 592,097</u>	<u>\$ 3,256,962</u>

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2018

	Hotel/Motel			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Franchise fees	\$ 320,000	\$ 320,000	\$ 380,020	\$ 60,020
Investment revenue	13,100	45,451	59,678	14,227
Total Revenues	333,100	365,451	439,698	74,247
Expenditures				
Current:				
Community services	494,282	526,633	284,749	241,884
Debt Service:				
Principal	4,550	5,005	5,005	-
Interest and fiscal charges	1,376	1,619	2,618	(999) *
Total Expenditures	500,208	533,257	292,372	240,885
Excess (Deficiency) of Revenues Over (Under) Expenditures	(167,108)	(167,806)	147,326	(166,638)
Other Financing Sources (Uses)				
Debt issued	-	-	30,275	30,275
Premium on refunding bond	-	-	2,241	2,241
Payment to refunded bond escrow agent	-	-	(31,517)	(31,517) *
Transfers (out)	(11,150)	(11,150)	(11,150)	-
Total Other Financing (Uses)	(11,150)	(11,150)	(10,151)	999
Net Change in Fund Balance	\$ (178,258)	\$ (178,956)	137,175	\$ 316,131
Beginning fund balance			859,333	
Ending Fund Balance			\$ 996,508	

* 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 (Continued)
For the Year Ended September 30, 2018

Special Investigation

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,500	\$ 3,500	\$ 4,702	\$ 1,202
Investment revenue	325	325	956	631
Other revenue	20,000	20,000	47,550	27,550
Total Revenues	23,825	23,825	53,208	29,383
Expenditures				
Current:				
Public safety	20,000	93,289	68,902	24,387
Net Change in Fund Balance	\$ 3,825	\$ (69,464)	(15,694)	\$ 53,770
Beginning fund balance			133,737	
Ending Fund Balance			\$ 118,043	

Court Building Security

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 9,500	\$ 9,500	\$ 15,400	\$ 5,900
Investment revenue	500	500	2,717	2,217
Total Revenues	10,000	10,000	18,117	8,117
Expenditures				
Current:				
Public safety	4,000	7,974	7,033	941
Total Expenditures	4,000	7,974	7,033	941
Net Change in Fund Balance	\$ 6,000	\$ 2,026	11,084	\$ 9,058
Beginning fund balance			144,619	
Ending Fund Balance			\$ 155,703	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2018

Municipal Court Technology

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 12,500	\$ 12,500	\$ 20,534	\$ 8,034
Investment revenue	100	100	770	670
Total Revenues	12,600	12,600	21,304	8,704
Expenditures				
Current:				
Public safety	2,993	2,993	2,263	730
Total Expenditures	2,993	2,993	2,263	730
Net Change in Fund Balance	\$ 9,607	\$ 9,607	19,041	\$ 9,434
Beginning fund balance			26,917	
Ending Fund Balance			\$ 45,958	

Donation

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 20,000	\$ 53,301	\$ 54,749	\$ 1,448
Investment revenue	-	-	425	425
Total Revenues	20,000	53,301	55,174	1,873
Expenditures				
Current:				
General government	2,000	3,430	3,430	-
Public safety	-	29,290	29,290	-
Culture, parks, and recreation	13,000	16,866	14,866	2,000
Total Expenditures	15,000	49,586	47,586	2,000
Net Change in Fund Balance	\$ 5,000	\$ 3,715	7,588	\$ 3,873
Beginning fund balance			108,420	
Ending Fund Balance			\$ 116,008	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2018

Juvenile Case Manager

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Investment revenue	\$ 350	\$ 350	\$ 1,550	\$ 1,200
Other revenue	20,000	20,000	30,739	10,739
Total Revenues	<u>20,350</u>	<u>20,350</u>	<u>32,289</u>	<u>11,939</u>
Expenditures				
Current:				
Public safety	23,865	23,865	11,295	12,570
Total Expenditures	<u>23,865</u>	<u>23,865</u>	<u>11,295</u>	<u>12,570</u>
Net Change in Fund Balance	<u>\$ (3,515)</u>	<u>\$ (3,515)</u>	20,994	<u>\$ 24,509</u>
Beginning fund balance			<u>67,187</u>	
Ending Fund Balance			<u>\$ 88,181</u>	

Senior

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Investment revenue	\$ 50	\$ 50	\$ 177	\$ 127
Other revenue	9,500	9,500	7,941	(1,559)
Total Revenues	<u>9,550</u>	<u>9,550</u>	<u>8,118</u>	<u>(1,432)</u>
Expenditures				
Current:				
Community services	9,500	9,500	5,524	3,976
Total Expenditures	<u>9,500</u>	<u>9,500</u>	<u>5,524</u>	<u>3,976</u>
Net Change in Fund Balance	<u>\$ 50</u>	<u>\$ 50</u>	2,594	<u>\$ 2,544</u>
Beginning fund balance			<u>7,410</u>	
Ending Fund Balance			<u>\$ 10,004</u>	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2018

Park Dedication

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Other revenue	\$ 43,500	\$ 43,500	\$ 121,200	\$ 77,700
Total Revenues	<u>43,500</u>	<u>43,500</u>	<u>121,200</u>	<u>77,700</u>
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 43,500</u>	<u>\$ 43,500</u>	121,200	<u>\$ 77,700</u>
Beginning fund balance			<u>141,406</u>	
Ending Fund Balance			<u>\$ 262,606</u>	

Comcast PEG Fees

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Franchise fees	\$ 55,000	\$ 55,000	\$ 46,981	\$ (8,019)
Investment revenue	1,000	1,000	5,813	4,813
Total Revenues	<u>56,000</u>	<u>56,000</u>	<u>52,794</u>	<u>(3,206)</u>
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 56,000</u>	<u>\$ 56,000</u>	52,794	<u>\$ (3,206)</u>
Beginning fund balance			<u>271,432</u>	
Ending Fund Balance			<u>\$ 324,226</u>	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended September 30, 2018

TIRZ No. 2				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 371,164	\$ 371,164	\$ 247,161	\$ (124,003)
Total Revenues	371,164	371,164	247,161	(124,003)
Other Financing (Uses)				
Transfers (out)	(352,606)	(352,606)	(234,803)	117,803
Total Other Financing (Uses)	(352,606)	(352,606)	(234,803)	117,803
Net Change in Fund Balance	\$ 18,558	\$ 18,558	12,358	\$ (6,200)
Beginning fund balance			37,274	
Ending Fund Balance			\$ 49,632	

Kendall Lakes TIRZ Redevelopment Authority

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 200	\$ 200	\$ 394	\$ 194
Total Revenues	200	200	394	194
Expenditures				
Current:				
General government	151,553	151,553	123,911	27,642
Total Expenditures	151,553	151,553	123,911	27,642
(Deficiency) of Revenues (Under) Expenditures	(151,353)	(151,353)	(123,517)	27,836
Other Financing Sources				
Transfers in	352,606	352,606	234,803	(117,803)
Total Other Financing Sources	352,606	352,606	234,803	(117,803)
Net Change in Fund Balance	\$ 201,253	\$ 201,253	111,286	\$ (89,967)
Beginning fund balance			336,959	
Ending Fund Balance			\$ 448,245	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR PERMANENT FUND (Continued)
For the Year Ended September 30, 2018

		Cemetery			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Charges for services	\$ 39,050	\$ 39,050	\$ 62,150	\$ 23,100
	Investment revenue	-	-	7,342	7,342
	Total Revenues	<u>39,050</u>	<u>39,050</u>	<u>69,492</u>	<u>30,442</u>
Expenditures					
Current:					
	Community services	29,143	29,143	20,775	8,368
	Total Expenditures	<u>29,143</u>	<u>29,143</u>	<u>20,775</u>	<u>8,368</u>
	Excess of Revenues Over Expenditures	<u>9,907</u>	<u>9,907</u>	<u>48,717</u>	<u>38,810</u>
Other Financing Sources (Uses)					
	Transfers in	21,962	21,962	21,962	-
	Transfers (out)	(35,312)	(35,520)	(35,520)	-
	Total Other Financing (Uses)	<u>(13,350)</u>	<u>(13,558)</u>	<u>(13,558)</u>	<u>-</u>
	Net Change in Fund Balance	<u>\$ (3,443)</u>	<u>\$ (3,651)</u>	35,159	<u>\$ 38,810</u>
	Beginning fund balance			<u>556,938</u>	
	Ending Fund Balance			<u>\$ 592,097</u>	

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2018

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, 2018

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 566,108	\$ 2,330,840	\$ 605,656	\$ 279,776
Inventory	37,964	-	-	-
Prepaid items	-	-	2,400	-
Total Current Assets	<u>604,072</u>	<u>2,330,840</u>	<u>608,056</u>	<u>279,776</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,457,585	-	122,153
Less: accumulated depreciation	(40,163)	(2,173,391)	-	(24,993)
Total Capital Assets (Net of Accumulated Depreciation)	<u>32,963</u>	<u>1,284,194</u>	<u>-</u>	<u>97,160</u>
Total Noncurrent Assets	<u>32,963</u>	<u>1,284,194</u>	<u>-</u>	<u>97,160</u>
Total Assets	<u>637,035</u>	<u>3,615,034</u>	<u>608,056</u>	<u>376,936</u>
<u>Deferred Outflow of Resources</u>				
Deferred outflows - pensions	18,227	-	12,608	-
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	43,694	45,137	8,531	-
Compensated absences	2,014	-	11,697	-
Total Current Liabilities	<u>45,708</u>	<u>45,137</u>	<u>20,228</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	224	-	1,300	-
Net pension liability	120,176	-	34,308	-
Total Noncurrent Liabilities	<u>120,400</u>	<u>-</u>	<u>35,608</u>	<u>-</u>
Total Liabilities	<u>166,108</u>	<u>45,137</u>	<u>55,836</u>	<u>-</u>
<u>Deferred Inflow of Resources</u>				
Deferred inflows - pensions	23,635	-	18,731	-
Total Deferred Inflow of Resources	<u>23,635</u>	<u>-</u>	<u>18,731</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	32,963	1,284,194	-	97,160
Unrestricted	432,556	2,285,703	546,097	279,776
Total Net Position	<u>\$ 465,519</u>	<u>\$ 3,569,897</u>	<u>\$ 546,097</u>	<u>\$ 376,936</u>

**Internal
Service Funds
Total**

\$ 3,782,380
37,964
2,400
3,822,744

7,754
3,645,110
(2,238,547)

1,414,317
1,414,317
5,237,061

30,835

97,362
13,711
111,073

1,524
154,484
156,008
267,081

42,366
42,366

1,414,317
3,544,132

\$ 4,958,449

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2018

	<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	\$ 760,598	\$ 585,947	\$ 477,178	\$ 20,938
Other revenue	18,602	24,250	-	-
Total Operating Revenues	<u>779,200</u>	<u>610,197</u>	<u>477,178</u>	<u>20,938</u>
<u>Operating Expenses</u>				
Personnel services	168,381	-	-	-
Supplies	448,336	230,093	453,459	17,147
Depreciation	4,246	274,253	-	18,962
Total Operating Expenses	<u>620,963</u>	<u>504,346</u>	<u>453,459</u>	<u>36,109</u>
Operating Income (Loss)	<u>158,237</u>	<u>105,851</u>	<u>23,719</u>	<u>(15,171)</u>
<u>Nonoperating Revenues (Expenses)</u>				
(Loss) on disposal of capital assets	-	(47,072)	-	-
Investment revenue	1,782	38,902	-	-
Total Nonoperating Revenues (Expenses)	<u>1,782</u>	<u>(8,170)</u>	<u>-</u>	<u>-</u>
Change in Net Position	160,019	97,681	23,719	(15,171)
Beginning net position	<u>305,500</u>	<u>3,472,216</u>	<u>522,378</u>	<u>392,107</u>
Ending Net Position	<u>\$ 465,519</u>	<u>\$ 3,569,897</u>	<u>\$ 546,097</u>	<u>\$ 376,936</u>

**Internal
Service Funds
Total**

\$ 1,844,661
42,852
1,887,513

168,381
1,149,035
297,461
1,614,877

272,636

(47,072)
40,684
(6,388)

266,248
4,692,201

\$ 4,958,449

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2018

	<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	\$ 781,640	\$ 611,006	\$ 475,575	\$ 20,938
Payments to suppliers	(449,457)	(194,424)	(461,488)	(17,147)
Payments to employees	(175,711)	-	(5,078)	-
Net Cash Provided by Operating Activities	<u>156,472</u>	<u>416,582</u>	<u>9,009</u>	<u>3,791</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	-	-	(40,298)
Proceeds from sale of capital assets	-	34,422	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>34,422</u>	<u>-</u>	<u>(40,298)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	1,782	38,902	-	-
Net Cash Provided by Investing Activities	<u>1,782</u>	<u>38,902</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	158,254	489,906	9,009	(36,507)
Beginning cash and equity in pooled cash and investments	407,854	1,840,934	596,647	316,283
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 566,108</u>	<u>\$ 2,330,840</u>	<u>\$ 605,656</u>	<u>\$ 279,776</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 158,237	\$ 105,851	\$ 23,719	\$ (15,171)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	4,246	274,253	-	18,962
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	854	809	797	-
Deferred outflows of resources	33,327	-	18,394	-
Inventories	1,586	-	-	-
Prepays	-	-	(2,400)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(1,121)	35,669	(8,029)	-
Net pension liability	(54,337)	-	(37,586)	-
Deferred inflows of resources	13,156	-	13,552	-
Compensated absences	524	-	562	-
Net Cash Provided by Operating Activities	<u>\$ 156,472</u>	<u>\$ 416,582</u>	<u>\$ 9,009</u>	<u>\$ 3,791</u>

**Internal
Service Funds
Total**

\$ 1,889,159
(1,122,516)
(180,789)
585,854

(40,298)
34,422

(5,876)

40,684
40,684

620,662

3,161,718

\$ 3,782,380

\$ 272,636

297,461

2,460
51,721
1,586
(2,400)

26,519
(91,923)
26,708
1,086

\$ 585,854

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***OTHER
STATEMENTS***

CITY OF ALVIN, TEXAS

CONSOLIDATED BALANCE SHEET

GENERAL FUND - SUB-FUNDS

September 30, 2018

	General	Fire Capital	Tree Preservation	Disaster
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 7,034,230	\$ 187,396	\$ 22,300	\$ -
Receivables, net	1,224,970	-	-	15,340
Prepaid items	19,137	-	-	-
Total Assets	\$ 8,278,337	\$ 187,396	\$ 22,300	\$ 15,340
<u>Liabilities</u>				
Deficit cash and equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 15,340
Accounts payable and accrued liabilities	728,690	-	-	-
Due to others	111,372	-	-	-
Total Liabilities	840,062	-	-	15,340
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	336,575	-	-	-
Total Deferred Inflows of Resources	336,575	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	19,137	-	-	-
Assigned to:				
Special projects	-	-	-	-
Compensated absences	627,868	-	-	-
Unassigned	6,454,695	187,396	22,300	-
Total Fund Balances	7,101,700	187,396	22,300	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,278,337	\$ 187,396	\$ 22,300	\$ 15,340

<u>General Projects</u>	<u>Total General Fund</u>
\$ 1,207,871	\$ 8,451,797
-	1,240,310
-	19,137
<u>\$ 1,207,871</u>	<u>\$ 9,711,244</u>
\$ -	\$ 15,340
113,753	842,443
-	111,372
<u>113,753</u>	<u>969,155</u>
-	336,575
<u>-</u>	<u>336,575</u>
-	19,137
1,094,118	1,094,118
-	627,868
-	6,664,391
<u>1,094,118</u>	<u>8,405,514</u>
<u>\$ 1,207,871</u>	<u>\$ 9,711,244</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2018

	General	Fire Capital	Tree Preservation	Disaster
<u>Revenues</u>				
Property taxes	\$ 9,297,708	\$ -	\$ -	\$ -
Sales taxes	2,588,247	-	-	-
Franchise fees	1,383,061	-	-	-
Other taxes	495,694	-	-	-
Licenses and permits	995,745	-	-	-
Fines and forfeitures	698,051	-	-	-
Charges for services	304,102	65,400	22,300	-
Intergovernmental	44,109	-	-	-
Investment revenue	142,924	-	-	-
Other revenue	19,022	-	-	126,299
	Total Revenues	65,400	22,300	126,299
<u>Expenditures</u>				
Current:				
General government	4,318,032	-	-	502
Public safety	8,045,470	-	-	19,599
Public services	909,946	-	-	457,072
Community services	186,190	-	-	-
Culture, parks, and recreation	1,679,682	-	-	19,696
Capital outlay	20,227	-	-	-
Debt service				
Principal	11,517	26,579	-	-
Interest	484	11,179	-	-
	Total Expenditures	37,758	-	496,869
Excess (Deficiency) of Revenues				
Over (Under) Expenditures				
	797,115	27,642	22,300	(370,570)
<u>Other Financing Sources (Uses)</u>				
Transfers in	(2,577)	-	-	370,570
Transfers out	(21,962)	-	-	-
	Total Other Financing Sources (Uses)	-	-	370,570
Net Change in Fund Balances				
	772,576	27,642	22,300	-
Beginning fund balances	6,329,124	159,754	-	-
	Ending Fund Balances	\$ 187,396	\$ 22,300	\$ -

<u>General Projects</u>	<u>Total General Fund</u>
\$ -	\$ 9,297,708
-	2,588,247
-	1,383,061
-	495,694
-	995,745
-	698,051
-	391,802
-	44,109
-	142,924
-	145,321
<u>-</u>	<u>16,182,662</u>
108,364	4,426,898
429,057	8,494,126
16,400	1,383,418
30,426	216,616
32,178	1,731,556
109,763	129,990
-	38,096
-	11,663
<u>726,188</u>	<u>16,432,363</u>
<u>(726,188)</u>	<u>(249,701)</u>
1,358,438	1,726,431
<u>-</u>	<u>(21,962)</u>
<u>1,358,438</u>	<u>1,704,469</u>
632,250	1,454,768
<u>461,868</u>	<u>6,950,746</u>
<u>\$ 1,094,118</u>	<u>\$ 8,405,514</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS (Page 1 of 2)
September 30, 2018

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>Utility Projects</u>
Assets				
Current assets				
Cash and equity in pooled cash and investments	\$ 424,389	\$ -	\$ 7,134,365	\$ 1,177,124
Investments	-	-	496,997	-
Accounts receivable (net of allowance for uncollectibles)	-	-	1,088,206	-
Inventory	-	-	34,920	-
Prepaid items	-	-	720	-
Restricted cash, cash equivalents, and investments:				
Construction	-	1,609,564	-	-
Customer deposits	-	-	1,215,780	-
Total Current Assets	<u>424,389</u>	<u>1,609,564</u>	<u>9,970,988</u>	<u>1,177,124</u>
Capital assets:				
Land	-	-	937,829	-
Buildings	-	-	5,523,533	-
Improvements	-	1,783,726	2,019,392	-
Infrastructure	-	-	44,576,056	-
Equipment	-	-	2,134,118	106,113
Construction in progress	-	-	208,529	-
Less allowance for depreciation	-	-	(36,217,889)	-
Total Capital Assets (Net)	<u>-</u>	<u>1,783,726</u>	<u>19,181,568</u>	<u>106,113</u>
Total Noncurrent Assets	<u>-</u>	<u>1,783,726</u>	<u>19,181,568</u>	<u>106,113</u>
Total Assets	<u>424,389</u>	<u>3,393,290</u>	<u>29,152,556</u>	<u>1,283,237</u>
Deferred Outflows of Resources				
Deferred outflows - pensions	-	-	138,634	-
Deferred outflows - OPEB	-	-	4,241	-
Deferred loss on refunding	-	-	1,263,011	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>1,405,886</u>	<u>-</u>

2006B Certificates of Obligation	2008 Certificates of Obligation	2015 Certificates of Obligation	2018 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ -	\$ 8,735,878
-	-	-	-	496,997
-	-	-	-	1,088,206
-	-	-	-	34,920
-	-	-	-	720
25,416	727	6,537,592	8,541,476	16,714,775
-	-	-	-	1,215,780
<u>25,416</u>	<u>727</u>	<u>6,537,592</u>	<u>8,541,476</u>	<u>28,287,276</u>
-	-	-	-	937,829
-	-	-	-	5,523,533
360,309	570,842	-	-	4,734,269
3,963,806	1,343,215	-	-	49,883,077
249,378	-	85,000	-	2,574,609
-	-	1,719,836	1,020,844	2,949,209
-	-	-	-	(36,217,889)
<u>4,573,493</u>	<u>1,914,057</u>	<u>1,804,836</u>	<u>1,020,844</u>	<u>30,384,637</u>
<u>4,573,493</u>	<u>1,914,057</u>	<u>1,804,836</u>	<u>1,020,844</u>	<u>30,384,637</u>
<u>4,598,909</u>	<u>1,914,784</u>	<u>8,342,428</u>	<u>9,562,320</u>	<u>58,671,913</u>
-	-	-	-	138,634
-	-	-	-	4,241
-	-	-	-	1,263,011
-	-	-	-	1,405,886

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS (Page 2 of 2)
September 30, 2018

	Utility Debt Obligation	Impact Fees	Utility	Utility Projects
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ 2,995	\$ 193,716	\$ 48,300
Accrued interest payable	29,242	-	224,271	-
Bonds payable - current	-	-	2,146,804	-
Compensated absences	-	-	55,869	-
Current Liabilities Payable From Restricted Assets				
Customer deposits	-	-	1,215,780	-
Total Current Liabilities Payable From Restricted Assets	-	-	1,215,780	-
Total Current Liabilities	29,242	2,995	3,836,440	48,300
Noncurrent liabilities				
Bonds payable, net of deferred charges	-	-	27,088,805	-
Compensated absences	-	-	6,208	-
Net pension liability	-	-	868,199	-
Total OPEB liability	-	-	57,426	-
Total Noncurrent Liabilities	-	-	28,020,638	-
Total Liabilities	29,242	2,995	31,857,078	48,300
Deferred Inflows of Resources				
Deferred inflows - pensions	-	-	194,235	-
Total Deferred Inflows of Resources	-	-	194,235	-
Net Position				
Net investment in capital assets	-	1,783,726	7,923,745	106,113
Unrestricted net position	395,147	1,606,569	(9,416,616)	1,128,824
Total Net Position	\$ 395,147	\$ 3,390,295	\$ (1,492,871)	\$ 1,234,937

<u>2006B</u> <u>Certificates of</u> <u>Obligation</u>	<u>2008</u> <u>Certificates of</u> <u>Obligation</u>	<u>2015</u> <u>Certificates of</u> <u>Obligation</u>	<u>2018</u> <u>Utility</u> <u>Bond</u>	<u>Total</u> <u>Water and</u> <u>Sewer</u> <u>Fund</u>
\$ -	\$ -	\$ 673,591	\$ 235,214	\$ 1,153,816
-	-	-	-	253,513
-	-	-	-	2,146,804
-	-	-	-	55,869
-	-	-	-	1,215,780
-	-	-	-	1,215,780
-	-	673,591	235,214	4,825,782
-	-	-	-	27,088,805
-	-	-	-	6,208
-	-	-	-	868,199
-	-	-	-	57,426
-	-	-	-	28,020,638
-	-	673,591	235,214	32,846,420
-	-	-	-	194,235
-	-	-	-	194,235
4,573,493	1,914,057	1,804,836	1,020,844	19,126,814
25,416	727	5,864,001	8,306,262	7,910,330
<u>\$ 4,598,909</u>	<u>\$ 1,914,784</u>	<u>\$ 7,668,837</u>	<u>\$ 9,327,106</u>	<u>\$ 27,037,144</u>

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2018

	Utility Debt Obligation	Impact Fees	Utility	Utility Projects
<u>Operating Revenues</u>				
Water service	\$ -	\$ -	\$ 3,933,344	\$ -
Sewer service	-	-	4,141,209	-
Other revenue	-	349,505	34,405	-
	-	349,505	8,108,958	-
Total Operating Revenues	-	349,505	8,108,958	-
<u>Operating Expenses</u>				
Water service	-	40,850	1,549,684	-
Sewer service	-	-	2,357,472	48,300
Depreciation	-	-	1,644,158	-
	-	40,850	5,551,314	48,300
Total Operating Expenses	-	40,850	5,551,314	48,300
Operating Income (Loss)	-	308,655	2,557,644	(48,300)
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	208,529	-
Investment revenue	-	31,065	173,104	-
Interest and fiscal agent fees	(574,327)	-	(326,191)	-
	(574,327)	31,065	55,442	-
Total Nonoperating Revenues (Expenses)	(574,327)	31,065	55,442	-
Income (Loss) Before Transfers	(574,327)	339,720	2,613,086	(48,300)
<u>Transfers</u>				
Transfers in	2,640,500	-	1,749,301	1,283,237
Transfers (out)	(1,671,026)	-	(13,940,724)	-
	969,474	-	(12,191,423)	1,283,237
Total Transfers	969,474	-	(12,191,423)	1,283,237
Change in Net Position	395,147	339,720	(9,578,337)	1,234,937
Beginning net position	-	3,050,575	8,085,466	-
Ending Net Position	\$ 395,147	\$ 3,390,295	\$ (1,492,871)	\$ 1,234,937

2006B Certificates of Obligation	2008 Certificates of Obligation	2015 Certificates of Obligation	2018 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ -	\$ 3,933,344
-	-	-	-	4,141,209
-	-	-	-	383,910
-	-	-	-	8,458,463
-	-	-	-	1,590,534
-	-	-	-	2,405,772
-	-	-	-	1,644,158
-	-	-	-	5,640,464
-	-	-	-	2,817,999
-	-	-	-	208,529
-	-	109,179	19,829	333,177
-	-	-	-	(900,518)
-	-	109,179	19,829	(358,812)
-	-	109,179	19,829	2,459,187
-	-	-	9,307,277	14,980,315
-	-	-	-	(15,611,750)
-	-	-	9,307,277	(631,435)
-	-	109,179	9,327,106	1,827,752
4,598,909	1,914,784	7,559,658	-	25,209,392
<u>\$ 4,598,909</u>	<u>\$ 1,914,784</u>	<u>\$ 7,668,837</u>	<u>\$ 9,327,106</u>	<u>\$ 27,037,144</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS (Page 1 of 2)
For the Year Ended September 30, 2018

	Utility Debt Obligation	Impact Fees	Utility	Utility Projects
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ -	\$ 349,505	\$ 8,238,035	\$ -
Payments to suppliers	(912)	(132,189)	(2,588,313)	-
Payments to employees	-	-	(1,340,210)	-
Net Cash Provided by Operating Activities	(912)	217,316	4,309,512	-
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	2,640,500	-	1,749,301	1,283,237
Transfer to other funds	(1,671,026)	-	(13,940,724)	-
Subsidy from federal grant	-	-	208,529	-
Net Cash Provided (Used) by Noncapital Financing Activities	969,474	-	(11,982,894)	1,283,237
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(99,125)	(240,801)	(106,113)
Proceeds from issuance of bonds	-	-	9,290,000	-
Interest and fiscal agent fees paid	(544,173)	-	-	-
Principal paid on capital debt	-	-	(1,667,830)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(544,173)	(99,125)	7,381,369	(106,113)
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	-	-	250,460	-
Purchase of investments	-	-	(248,000)	-
Interest on investments	-	31,065	173,104	-
Net Cash Provided by Investing Activities	-	31,065	175,564	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	424,389	149,256	(116,449)	1,177,124
Beginning cash and equity in pooled cash and investments	-	1,460,308	8,466,594	-
Ending Cash and Equity in Pooled Cash and Investments	\$ 424,389	\$ 1,609,564	\$ 8,350,145	\$ 1,177,124
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 424,389	\$ -	\$ 7,134,365	\$ 1,177,124
Restricted cash and equity in pooled cash and investments	-	1,609,564	1,215,780	-
	\$ 424,389	\$ 1,609,564	\$ 8,350,145	\$ 1,177,124

2006B Certificates of Obligation	2008 Certificates of Obligation	2015 Certificates of Obligation	2018 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ -	\$ 8,587,540
-	-	673,591	235,214	(1,812,609)
-	-	-	-	(1,340,210)
-	-	673,591	235,214	5,434,721
-	-	-	9,307,277	14,980,315
-	-	-	-	(15,611,750)
-	-	-	-	208,529
-	-	-	9,307,277	(422,906)
-	-	(1,241,536)	(1,020,844)	(2,708,419)
-	-	-	-	9,290,000
-	-	-	-	(544,173)
-	-	-	-	(1,667,830)
-	-	(1,241,536)	(1,020,844)	4,369,578
-	-	-	-	250,460
-	-	-	-	(248,000)
-	-	109,179	19,829	333,177
-	-	109,179	19,829	335,637
-	-	(458,766)	8,541,476	9,717,030
25,416	727	6,996,358	-	16,949,403
<u>\$ 25,416</u>	<u>\$ 727</u>	<u>\$ 6,537,592</u>	<u>\$ 8,541,476</u>	<u>\$ 26,666,433</u>
\$ -	\$ -	\$ -	\$ -	\$ 8,735,878
25,416	727	6,537,592	8,541,476	17,930,555
<u>\$ 25,416</u>	<u>\$ 727</u>	<u>\$ 6,537,592</u>	<u>\$ 8,541,476</u>	<u>\$ 26,666,433</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS (Page 2 of 2)
For the Year Ended September 30, 2018

	Utility Debt Obligation	Impact Fees	Utility	Utility Projects
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ -	\$ 308,655	\$ 2,557,644	\$ (48,300)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	-	-	1,644,158	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	-	-	85,127	-
Deferred outflows of resources	(30,154)	-	239,752	-
Prepays	-	-	(720)	-
Inventories	-	-	56,376	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	-	(91,339)	(28,626)	48,300
Accrued interest payable	29,242	-	-	-
Deferred inflows of resources	-	-	104,074	-
Compensated absences	-	-	12,712	-
Customer deposits	-	-	43,950	-
Net pension liability	-	-	(413,288)	-
Total OPEB liability	-	-	8,353	-
Net Cash Provided by Operating Activities	\$ (912)	\$ 217,316	\$ 4,309,512	\$ -

<u>2006B Certificates of Obligation</u>	<u>2008 Certificates of Obligation</u>	<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,817,999
-	-	-	-	1,644,158
-	-	-	-	85,127
-	-	-	-	209,598
-	-	-	-	(720)
-	-	-	-	56,376
-	-	673,591	235,214	837,140
-	-	-	-	29,242
-	-	-	-	104,074
-	-	-	-	12,712
-	-	-	-	43,950
-	-	-	-	(413,288)
-	-	-	-	8,353
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,591</u>	<u>\$ 235,214</u>	<u>\$ 5,434,721</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	146
<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	158
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	166
<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	176
<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	179
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports from the relevant year.

CITY OF ALVIN, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 23,625,720	\$ 23,231,068	\$ 23,710,635	\$ 24,498,035
Restricted	8,162,397	9,006,259	9,614,913	9,400,498
Unrestricted	4,881,248	5,151,195	3,785,438	4,114,881
Total Governmental Activities Net Position	\$ 36,669,365	\$ 37,388,522	\$ 37,110,986	\$ 38,013,414
Business-Type Activities				
Net investment in capital assets	\$ 7,281,665	\$ 9,898,132	\$ 12,506,488	\$ 12,637,625
Restricted	805,076	698,662	706,487	677,203
Unrestricted	9,272,256	7,639,207	6,364,658	7,553,375
Total Business-Type Activities Net Position	\$ 17,358,997	\$ 18,236,001	\$ 19,577,633	\$ 20,868,203
Primary Government				
Net investment in capital assets	\$ 30,907,385	\$ 33,129,200	\$ 36,217,123	\$ 37,135,660
Restricted	8,967,473	9,704,921	10,321,400	10,077,701
Unrestricted	14,153,504	12,790,402	10,150,096	11,668,256
Total Primary Government Net Position	\$ 54,028,362	\$ 55,624,523	\$ 56,688,619	\$ 58,881,617

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 25,768,481	\$ 27,186,272	\$ 27,992,273	\$ 29,288,263	\$ 30,704,120	\$ 31,660,047
9,229,378	7,224,941	8,024,520	8,481,991	8,596,595	9,237,862
3,613,304	672,503	1,940,356	2,835,216	2,735,937	5,409,169
<u>\$ 38,611,163</u>	<u>\$ 35,083,716</u>	<u>\$ 37,957,149</u>	<u>\$ 40,605,470</u>	<u>\$ 42,036,652</u>	<u>\$ 46,307,078</u>
\$ 13,035,321	\$ 13,841,547	\$ 16,159,516	\$ 14,905,721	\$ 17,688,740	\$ 20,418,893
423,744	-	-	-	-	-
9,815,794	10,073,092	11,827,277	12,814,287	12,632,348	11,710,207
<u>\$ 23,274,859</u>	<u>\$ 23,914,639</u>	<u>\$ 27,986,793</u>	<u>\$ 27,720,008</u>	<u>\$ 30,321,088</u>	<u>\$ 32,129,100</u>
\$ 38,803,802	\$ 41,027,819	\$ 44,151,789	\$ 44,193,984	\$ 48,392,860	\$ 52,078,940
9,653,122	7,224,941	8,024,520	8,481,991	8,596,595	9,237,862
13,429,098	10,745,595	13,767,633	15,649,503	15,368,285	17,119,376
<u>\$ 61,886,022</u>	<u>\$ 58,998,355</u>	<u>\$ 65,943,942</u>	<u>\$ 68,325,478</u>	<u>\$ 72,357,740</u>	<u>\$ 78,436,178</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
General government	\$ 4,618,306	\$ 3,398,391	\$ 3,493,056	\$ 3,856,490
Public safety	6,828,196	6,612,487	6,818,758	7,183,101
Public services	1,195,696	1,762,534	1,354,999	1,558,656
Community services	2,110,567	2,739,494	2,789,836	2,237,711
Culture, parks, and recreation	1,637,049	1,550,634	1,300,499	1,345,650
Interest on long-term debt	255,366	246,444	953,431	307,110
Total Governmental Activities Expenses	16,645,180	16,309,984	16,710,579	16,488,718
Business-Type Activities				
Water and sewer	5,324,261	5,684,004	5,275,355	5,149,638
Sanitation	3,811,391	1,841,385	1,951,774	2,044,570
Emergency medical services	1,333,579	1,310,354	1,705,571	1,761,534
Conference center	-	53,520	99,129	-
Total Business-Type Activities Expenses	10,469,231	8,889,263	9,031,829	8,955,742
Total Primary Government Expenses	\$ 27,114,411	\$ 25,199,247	\$ 25,742,408	\$ 25,444,460
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 98,718	\$ 236,236	\$ 184,829	\$ 256,623
Public safety	1,092,685	1,157,482	1,098,168	1,064,705
Community services	79,648	-	-	-
Operating grants and contributions	770,851	305,758	89,468	261,048
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	2,041,902	1,699,476	1,372,465	1,582,376
Business-Type Activities				
Charges for services				
Water and sewer	6,325,404	6,299,393	6,767,843	6,529,061
Sanitation	2,174,386	2,290,014	2,162,461	2,305,500
Emergency medical services	1,278,655	1,292,152	1,630,354	1,671,346
Operating grants and contributions	1,643,163	409,277	195,895	231,858
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	11,421,608	10,290,836	10,756,553	10,737,765
Total Primary Government Program Revenues	\$ 13,463,510	\$ 11,990,312	\$ 12,129,018	\$ 12,320,141
Net Revenue/(Expense)				
Governmental activities	\$ (14,603,278)	\$ (14,610,508)	\$ (15,338,114)	\$ (14,906,342)
Business-type activities	952,377	1,401,573	1,724,724	1,782,023
Total Primary Government Net (Expense)	\$ (13,650,901)	\$ (13,208,935)	\$ (13,613,390)	\$ (13,124,319)

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 3,568,941	\$ 4,302,665	\$ 4,631,429	\$ 4,203,196	\$ 4,450,488	\$ 4,517,071
7,605,752	7,371,478	7,851,334	8,358,096	9,096,696	8,634,931
1,602,661	1,357,311	1,787,338	2,052,720	2,074,464	2,356,952
2,937,559	3,109,731	2,648,239	2,600,013	2,860,277	2,747,378
1,526,973	1,554,800	1,678,632	1,930,324	2,043,543	1,987,194
357,208	317,321	275,210	244,938	227,696	175,913
<u>17,599,094</u>	<u>18,013,306</u>	<u>18,872,182</u>	<u>19,389,287</u>	<u>20,753,164</u>	<u>20,419,439</u>
5,409,975	5,386,508	6,939,946	7,705,970	6,207,201	6,540,982
2,121,232	2,150,276	2,254,148	2,298,255	2,316,125	2,347,415
1,883,560	1,656,281	1,825,973	1,957,281	2,233,013	2,170,736
-	-	-	-	-	-
<u>9,414,767</u>	<u>9,193,065</u>	<u>11,020,067</u>	<u>11,961,506</u>	<u>10,756,339</u>	<u>11,059,133</u>
<u>\$ 27,013,861</u>	<u>\$ 27,206,371</u>	<u>\$ 29,892,249</u>	<u>\$ 31,350,793</u>	<u>\$ 31,509,503</u>	<u>\$ 31,478,572</u>
\$ 280,518	\$ 234,378	\$ 345,672	\$ 410,434	\$ 394,032	\$ 463,830
1,115,717	1,281,187	1,458,175	1,261,982	1,435,593	1,729,730
-	-	-	-	-	-
482,603	125,138	247,358	126,345	125,844	118,044
-	1,785,962	2,056,883	154,161	36,179	66,850
<u>1,878,838</u>	<u>3,426,665</u>	<u>4,108,088</u>	<u>1,952,922</u>	<u>1,991,648</u>	<u>2,378,454</u>
6,996,639	7,112,516	7,600,692	7,643,861	7,982,239	8,458,463
2,481,820	2,548,700	2,694,269	2,781,959	2,816,845	2,566,662
2,607,911	1,349,485	1,831,754	1,755,851	1,922,169	1,750,089
254,710	230,308	294,123	370,640	341,550	379,079
-	-	2,373,890	-	1,448,210	484,131
<u>12,341,080</u>	<u>11,241,009</u>	<u>14,794,728</u>	<u>12,552,311</u>	<u>14,511,013</u>	<u>13,638,424</u>
<u>\$ 14,219,918</u>	<u>\$ 14,667,674</u>	<u>\$ 18,902,816</u>	<u>\$ 14,505,233</u>	<u>\$ 16,502,661</u>	<u>\$ 16,016,878</u>
\$ (15,720,256)	\$ (14,586,641)	\$ (14,764,094)	\$ (17,436,365)	\$ (18,761,516)	\$ (18,040,985)
2,926,313	2,047,944	3,774,661	590,805	3,754,674	2,579,291
<u>\$ (12,793,943)</u>	<u>\$ (12,538,697)</u>	<u>\$ (10,989,433)</u>	<u>\$ (16,845,560)</u>	<u>\$ (15,006,842)</u>	<u>\$ (15,461,694)</u>

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

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036
Sales and use taxes	5,395,694	5,164,667	5,460,695	5,720,505
Franchise fees	1,535,710	1,601,341	1,550,016	1,607,488
Other taxes	28,484	221,885	196,510	191,970
Investment revenue	131,886	36,080	45,388	31,176
Other revenues	96,555	233,080	43,166	204,763
Transfers	526,323	543,456	394,906	501,190
Total Governmental Activities	<u>14,803,201</u>	<u>15,329,665</u>	<u>15,002,348</u>	<u>15,981,128</u>
Business-Type Activities				
Investment earnings	88,820	13,571	11,311	13,322
Other revenues	14,628	5,316	503	2,726
Transfers	(526,323)	(543,456)	(394,906)	(501,190)
Total Business-Type Activities	<u>(422,875)</u>	<u>(524,569)</u>	<u>(383,092)</u>	<u>(485,142)</u>
Total Primary Government	<u>\$ 14,380,326</u>	<u>\$ 14,805,096</u>	<u>\$ 14,619,256</u>	<u>\$ 15,495,986</u>
Change in Net Position				
Governmental activities	\$ 199,923	\$ 719,157	\$ (335,766)	\$ 1,074,786
Business-type activities	529,502	877,004	1,341,632	1,296,881
Total Primary Government	<u>\$ 729,425</u>	<u>\$ 1,596,161</u>	<u>\$ 1,005,866</u>	<u>\$ 2,371,667</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 7,703,857	\$ 8,187,335	\$ 8,480,190	\$ 9,274,853	\$ 9,788,862	\$ 10,443,831
6,039,358	6,188,081	6,457,416	6,600,913	6,963,319	7,763,196
1,608,142	1,701,814	1,783,552	1,775,920	1,756,078	1,810,062
219,973	667,914	986,245	728,939	414,177	495,694
34,018	41,979	30,686	68,237	142,666	370,313
174,102	20,650	160,734	140,375	261,341	266,574
538,555	(10,030)	(261,296)	930,423	1,252,870	1,161,741
<u>16,318,005</u>	<u>16,797,743</u>	<u>17,637,527</u>	<u>19,519,660</u>	<u>20,579,313</u>	<u>22,311,411</u>
15,904	15,163	23,756	72,833	173,524	390,462
2,994	15,000	12,441	-	19,056	-
(538,555)	10,030	261,296	(930,423)	(1,252,870)	(1,161,741)
(519,657)	40,193	297,493	(857,590)	(1,060,290)	(771,279)
<u>\$ 15,798,348</u>	<u>\$ 16,837,936</u>	<u>\$ 17,935,020</u>	<u>\$ 18,662,070</u>	<u>\$ 19,519,023</u>	<u>\$ 21,540,132</u>
\$ 597,749	\$ 2,211,102	\$ 2,873,433	\$ 2,083,295	\$ 1,817,797	\$ 4,270,426
2,406,656	2,088,137	4,072,154	(266,785)	2,694,384	1,808,012
<u>\$ 3,004,405</u>	<u>\$ 4,299,239</u>	<u>\$ 6,945,587</u>	<u>\$ 1,816,510</u>	<u>\$ 4,512,181</u>	<u>\$ 6,078,438</u>

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

Source	Fiscal Year			
	2009	2010	2011	2012
Property	\$ 7,088,549	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036
Sales and use	5,395,694	5,164,667	5,460,695	5,720,505
Franchise fees	1,535,710	1,601,341	1,550,016	1,607,488
Other taxes	28,484	221,885	196,510	191,970
	<u>\$ 14,048,437</u>	<u>\$ 14,517,049</u>	<u>\$ 14,518,888</u>	<u>\$ 15,243,999</u>

Fiscal Year						Change
2013	2014	2015	2016	2017	2018	2017-2018
\$ 7,703,857	\$ 8,187,335	\$ 8,480,190	\$ 9,274,853	\$ 9,788,862	\$ 10,443,831	6.7%
6,039,358	6,188,081	6,457,416	6,600,913	6,963,319	7,763,196	11.5%
1,608,142	1,701,814	1,783,552	1,775,920	1,756,078	1,810,062	3.1%
219,973	667,914	986,245	728,939	414,177	495,694	19.7%
<u>\$ 15,571,330</u>	<u>\$ 16,745,144</u>	<u>\$ 17,707,403</u>	<u>\$ 18,380,625</u>	<u>\$ 18,922,436</u>	<u>\$ 20,512,783</u>	8.4%

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ 15,611	\$ 10,809	\$ 15,245	\$ 39,347
Restricted	-	-	2,646	-
Assigned	615,281	2,393,358	1,318,358	911,311
Unassigned	4,560,653	3,105,318	4,355,741	4,658,915
Total General Fund	<u>\$ 5,191,545</u>	<u>\$ 5,509,485</u>	<u>\$ 5,691,990</u>	<u>\$ 5,609,573</u>
All Other Governmental Funds				
Nonspendable	\$ 5,927	\$ 200	\$ 5,777	\$ -
Restricted	7,332,625	7,936,885	10,260,756	9,400,498
Assigned	408,417	418,602	719,805	714,349
Total All Other Governmental Funds	<u>\$ 7,746,969</u>	<u>\$ 8,355,687</u>	<u>\$ 10,986,338</u>	<u>\$ 10,114,847</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 21,523	\$ 16,823	\$ 47,391	\$ 22,903	\$ 50,637	\$ 19,137
-	-	-	-	-	-
693,859	527,330	723,039	731,341	1,236,382	1,721,986
4,816,116	4,938,106	5,272,494	5,855,255	5,663,727	6,664,391
<u>\$ 5,531,498</u>	<u>\$ 5,482,259</u>	<u>\$ 6,042,924</u>	<u>\$ 6,609,499</u>	<u>\$ 6,950,746</u>	<u>\$ 8,405,514</u>
\$ -	\$ 250	\$ -	\$ -	\$ -	\$ 625
9,229,378	7,224,941	8,024,520	8,483,597	8,601,070	9,252,215
667,680	609,208	616,768	284,256	458,160	594,842
<u>\$ 9,897,058</u>	<u>\$ 7,834,399</u>	<u>\$ 8,641,288</u>	<u>\$ 8,767,853</u>	<u>\$ 9,059,230</u>	<u>\$ 9,847,682</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 14,301,958	\$ 14,343,382	\$ 14,501,052	\$ 15,250,115
Permits, licenses, and fees	611,082	937,525	650,219	632,240
Fines and forfeitures	481,603	456,193	447,949	432,465
Intergovernmental	748,833	305,758	89,468	257,797
Investment earnings	106,888	20,367	34,745	29,331
Other revenues	242,018	233,080	227,995	421,106
Total Revenues	16,492,382	16,296,305	15,951,428	17,023,054
Expenditures				
General government	3,284,579	3,239,705	3,310,855	3,657,108
Public safety	6,129,989	6,145,941	6,190,062	6,649,457
Public services	777,418	715,606	589,836	957,761
Community services	1,361,535	2,591,826	2,595,532	2,202,737
Culture, parks, and recreation	1,369,506	1,079,481	984,023	1,201,941
Library	12,160	49,515	-	-
Capital outlay	2,572,745	1,005,809	2,677,414	2,185,599
Debt service:				
Principal	1,038,791	978,025	1,308,502	1,159,881
Interest and fees	412,775	411,836	558,483	472,802
Total Expenditures	16,959,498	16,217,744	18,214,707	18,487,286
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	(467,116)	78,561	(2,263,279)	(1,464,232)
Other Financing Sources (Uses)				
Transfers in	2,520,975	1,174,886	999,485	1,064,794
Transfers out	(1,994,652)	(631,430)	(604,579)	(563,604)
Refunding bonds issued	-	-	4,321,938	1,597,055
Bonds issued	-	304,641	4,468,507	-
Premium on bonds issued	-	-	249,910	5,112
Payments to refunded bond escrow agent	-	-	(4,417,056)	(1,593,033)
Capital leases	94,974	-	-	-
Total Other Financing Sources	621,297	848,097	5,018,205	510,324
Net Change in Fund Balances	\$ 154,181	\$ 926,658	\$ 2,754,926	\$ (953,908)
Debt service as a percentage of noncapital expenditures	10.09%	9.12%	12.02%	9.94%

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 15,688,295	\$ 16,730,919	\$ 17,720,056	\$ 18,354,717	\$ 18,930,597	\$ 20,516,342
692,937	757,846	935,003	744,948	811,167	995,745
422,780	523,341	523,172	517,034	624,426	733,985
482,603	1,138,100	1,640,576	247,022	125,844	151,301
32,070	19,131	28,679	62,212	122,856	329,629
428,861	264,820	457,991	547,081	597,914	816,867
<u>17,747,546</u>	<u>19,434,157</u>	<u>21,305,477</u>	<u>20,473,014</u>	<u>21,212,804</u>	<u>23,543,869</u>
3,614,875	3,758,455	4,009,902	4,134,595	4,251,415	4,554,239
7,173,699	7,379,988	7,615,492	7,649,190	8,358,253	8,612,909
764,420	733,558	880,375	912,306	1,081,261	1,383,418
2,871,927	3,264,534	2,583,511	2,604,623	2,901,102	2,817,078
1,308,817	1,352,134	1,432,949	1,665,011	1,785,351	1,746,422
-	-	-	-	-	-
3,299,578	4,351,864	2,784,274	2,321,645	2,384,306	2,448,603
1,205,572	1,314,318	1,228,378	1,168,244	717,122	770,994
351,120	304,535	285,047	254,683	232,438	228,516
<u>20,590,008</u>	<u>22,459,386</u>	<u>20,819,928</u>	<u>20,710,297</u>	<u>21,711,248</u>	<u>22,562,179</u>
(2,842,462)	(3,025,229)	485,549	(237,283)	(498,444)	981,690
1,574,897	2,207,172	1,556,512	1,650,070	2,040,610	1,983,196
(713,299)	(1,349,085)	(674,507)	(719,647)	(783,422)	(821,455)
-	-	-	-	-	3,024,040
1,235,000	-	-	-	-	-
-	-	-	-	-	223,867
-	-	-	-	-	(3,148,118)
450,000	55,244	-	-	-	-
<u>2,546,598</u>	<u>913,331</u>	<u>882,005</u>	<u>930,423</u>	<u>1,257,188</u>	<u>1,261,530</u>
<u>\$ (295,864)</u>	<u>\$ (2,111,898)</u>	<u>\$ 1,367,554</u>	<u>\$ 693,140</u>	<u>\$ 758,744</u>	<u>\$ 2,243,220</u>
8.73%	8.73%	7.53%	7.59%	4.85%	5.01%

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

	Fiscal Year			
	2009	2010	2011	2012
Residential Property	\$ 561,797,458	\$ 569,692,952	\$ 555,669,430	\$ 554,570,924
Commercial Property	376,840,429	398,544,224	409,764,239	412,237,877
Less: Tax Exempt Property	<u>(29,535,234)</u>	<u>(46,725,576)</u>	<u>(62,660,621)</u>	<u>(59,267,694)</u>
Total Taxable Assessed Value (1)	<u>\$ 909,102,653</u>	<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>
Taxable Assessed Value as a Percentage of Estimated Actual Value	100.00%	100.00%	100.00%	100.00%
Estimated Actual Taxable Value	\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107
Total Direct Tax Rate	\$ 0.80360	\$ 0.80360	\$ 0.80360	\$ 0.84360

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 556,130,424	\$ 565,488,275	\$ 604,400,846	\$ 623,106,325	\$ 708,786,851	\$ 777,192,199
413,559,139	473,377,668	482,650,142	513,177,049	549,510,287	618,411,462
<u>(52,505,543)</u>	<u>(79,512,520)</u>	<u>(81,017,773)</u>	<u>(48,422,110)</u>	<u>(29,955,257)</u>	<u>(108,164,228)</u>
<u>\$ 917,184,020</u>	<u>\$ 959,353,423</u>	<u>\$ 1,006,033,215</u>	<u>\$ 1,087,861,264</u>	<u>\$ 1,228,341,881</u>	<u>\$ 1,287,439,433</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264	\$ 1,228,341,881	\$ 1,287,439,433
\$ 0.84380	\$ 0.84360	\$ 0.83860	\$ 0.83860	\$ 0.79800	\$ 0.78800

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

	Fiscal Year			
	2009	2010	2011	2012
City By Fund:				
Operating	\$ 0.65440	\$ 0.67090	\$ 0.66970	\$ 0.71370
Debt service	0.14920	0.13270	0.13390	0.12990
Total Direct Rates	<u>0.80360</u>	<u>0.80360</u>	<u>0.80360</u>	<u>0.84360</u>
Alvin Independent School District	1.32820	1.30410	1.30410	1.32910
Brazoria County	0.39000	0.42629	0.46310	0.42590
Conservation & Reclamation District No. 3	0.15000	0.15000	0.15000	0.15000
Alvin Community College	<u>0.19980</u>	<u>0.19980</u>	<u>0.19980</u>	<u>0.19980</u>
Total Direct and Overlapping Rates (1)	<u>\$ 2.87160</u>	<u>\$ 2.88379</u>	<u>\$ 2.92060</u>	<u>\$ 2.94840</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 0.70230	\$ 0.68230	\$ 0.69389	\$ 0.71190	\$ 0.72360	\$ 0.71910
0.14150	0.16130	0.14472	0.12670	0.07440	0.06890
<u>0.84380</u>	<u>0.84360</u>	<u>0.83860</u>	<u>0.83860</u>	<u>0.79800</u>	<u>0.78800</u>
1.32910	1.32910	1.41700	1.41700	1.45000	1.45000
0.43202	0.49202	0.48600	0.42600	0.39741	0.38023
0.15600	0.15600	0.15000	0.15000	0.15000	0.15000
<u>0.19900</u>	<u>0.19980</u>	<u>0.20400</u>	<u>0.20400</u>	<u>0.19174</u>	<u>0.18080</u>
<u>\$ 2.95992</u>	<u>\$ 3.02052</u>	<u>\$ 3.09560</u>	<u>\$ 3.03560</u>	<u>\$ 2.98715</u>	<u>\$ 2.94903</u>

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CITY OF ALVIN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Team Industrial Services, Inc.	\$ 27,576,049	1	2.14%	\$ 7,409,392	3	0.82%
Weatherford US, LP	15,098,610	2	1.17%	13,713,340	-	1.51%
Texas New Mexico Power Co.	13,704,780	3	1.06%	7,590,860	6	0.83%
WalMart Real Estate Business Trust	9,264,200	4	0.72%	-	5	0.00%
1800 FM1092 LLP	8,386,430	5	0.65%	-	4	0.00%
Ron Carter Autoland	8,096,080	6	0.63%	10,353,500	1	1.14%
Ron Carter Ford	7,223,350	7	0.56%	-	-	0.00%
Walmart Stores Texas LLC	6,868,990	8	0.53%	-	-	0.00%
Highland Square	6,847,220	9	0.53%	5,803,700	-	0.64%
Riviana Foods	6,628,937	10	0.51%	-	-	0.00%
Home Depot	-	-	-	12,041,120	2	1.32%
WalMart Stores & WalMart Stores East, Inc.	-	-	-	19,220,480	7	2.11%
Ron Carter Chrysler	-	-	-	6,342,050	8	0.70%
Southwestern Bell	-	-	-	6,036,570	9	0.66%
Axens North America	-	-	-	6,969,950	10	0.77%
Subtotal	<u>109,694,646</u>		<u>8.52%</u>	<u>95,480,962</u>		<u>10.50%</u>
Other Taxpayers	<u>1,177,744,787</u>		<u>91.48%</u>	<u>813,621,691</u>		<u>89.50%</u>
Total	<u><u>\$ 1,287,439,433</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 909,102,653</u></u>		<u><u>100.00%</u></u>

Source: Brazoria County - Tax Office Collections

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

	Fiscal Year			
	2009	2010	2011	2012
Tax levy	\$ 7,260,355	\$ 7,260,544	\$ 7,161,718	\$ 7,623,469
Current tax collected	\$ 7,099,395	\$ 7,118,215	\$ 6,997,769	\$ 7,489,804
Percentage of current tax collections	97.78%	98.04%	97.71%	98.25%
Delinquent tax collections	<u>\$ 150,524</u>	<u>\$ 127,667</u>	<u>\$ 153,232</u>	<u>\$ 120,139</u>
Total tax collections	<u><u>\$ 7,249,919</u></u>	<u><u>\$ 7,245,882</u></u>	<u><u>\$ 7,151,001</u></u>	<u><u>\$ 7,609,943</u></u>
Total collections as a percentage of current levy	99.86%	99.80%	99.85%	99.82%
Outstanding delinquent taxes	\$ 10,436	\$ 14,662	\$ 10,717	\$ 13,526
Outstanding delinquent taxes as percentage of current levy	0.14%	0.20%	0.15%	0.18%

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 7,675,618	\$ 8,051,610	\$ 8,394,543	\$ 9,136,737	\$ 9,733,834	\$ 10,352,600
\$ 7,566,448	\$ 7,945,225	\$ 8,300,703	\$ 9,040,858	\$ 9,627,522	\$ 10,240,350
98.58%	98.68%	98.88%	98.95%	98.91%	98.92%
\$ 93,108	\$ 91,844	\$ 74,838	\$ 71,304	\$ 64,175	\$ -
<u>\$ 7,659,556</u>	<u>\$ 8,037,069</u>	<u>\$ 8,375,541</u>	<u>\$ 9,112,162</u>	<u>\$ 9,691,697</u>	<u>\$ 10,240,350</u>
99.79%	99.82%	99.77%	99.73%	99.57%	98.92%
\$ 16,062	\$ 14,541	\$ 19,002	\$ 24,575	\$ 42,137	\$ 112,250
0.21%	0.18%	0.23%	0.27%	0.43%	1.08%

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

	Fiscal Year			
	2009	2010	2011	2012
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 5,736,412	\$ 5,372,311	\$ 5,090,115	\$ 5,861,240
Certificates of obligation	3,360,504	3,146,860	6,663,507	4,919,192
Capital leases	301,856	206,217	105,679	-
Issuance discounts/premiums	13,172	9,828	259,172	247,950
Subtotal	<u>9,411,944</u>	<u>8,735,216</u>	<u>12,118,473</u>	<u>11,028,382</u>
Business-Type Activities:				
Revenue bonds	11,345,000	10,745,000	10,145,000	4,945,000
General obligation bonds (1)	3,763,588	4,538,690	4,886,883	11,921,760
Certificates of obligation (2)	6,669,496	6,298,140	4,086,493	1,160,808
Issuance discounts/premiums	(18,677)	14,179	195,312	189,361
Subtotal	<u>21,759,407</u>	<u>21,596,009</u>	<u>19,313,688</u>	<u>18,216,929</u>
Total Primary Government	<u>\$ 31,171,351</u>	<u>\$ 30,331,225</u>	<u>\$ 31,432,161</u>	<u>\$ 29,245,311</u>
Personal Income	\$ 519,651,000	\$ 586,289,000	\$ 588,159,000	\$ 539,299,000
Debt as a Percentage of Personal Income	6.00%	5.17%	5.34%	5.42%
Population	21,413	21,413	24,236	24,236
Debt per Capita	\$ 1,456	\$ 1,416	\$ 1,297	\$ 1,207

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

(1) General obligation bonds refunded previously issued revenue bonds and are self-supporting from pledged utility revenues.

(2) Certificates of obligations are self-supporting from pledged utility revenues.

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 6,153,088	\$ 5,154,756	\$ 4,303,667	\$ 3,262,729	\$ 2,777,474	\$ 4,925,766
4,656,772	4,371,247	4,029,512	3,937,092	3,743,010	207,945
450,000	472,490	436,936	402,050	364,265	326,154
231,616	215,282	202,037	188,791	175,545	294,759
<u>11,491,476</u>	<u>10,213,775</u>	<u>8,972,152</u>	<u>7,790,662</u>	<u>7,060,294</u>	<u>5,754,624</u>
4,925,000	-	-	-	-	9,290,000
10,740,921	14,560,252	13,401,339	11,672,276	10,567,531	10,354,252
898,228	623,753	10,330,488	10,322,908	9,776,990	8,957,055
179,071	195,899	551,210	520,607	490,004	788,219
<u>16,743,220</u>	<u>15,379,904</u>	<u>24,283,037</u>	<u>22,515,791</u>	<u>20,834,525</u>	<u>29,389,526</u>
<u>\$ 28,234,696</u>	<u>\$ 25,593,679</u>	<u>\$ 33,255,189</u>	<u>\$ 30,306,453</u>	<u>\$ 27,894,819</u>	<u>\$ 35,144,150</u>
\$ 564,481,000	\$ 566,832,000	\$ 534,234,000	\$ 580,839,000	\$ 608,914,000	\$ 617,818,000
5.00%	4.52%	6.22%	5.22%	4.58%	5.69%
24,236	24,236	24,236	24,236	24,236	24,236
\$ 1,165	\$ 1,056	\$ 1,372	\$ 1,250	\$ 1,151	\$ 1,450

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

	Fiscal Year			
	2009	2010	2011	2012
Estimated Actual Taxable Value of Property				
All property	\$ 909,102,653	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107
Net Bonded Debt				
General bonded debt (1)	\$ 19,524,495	\$ 19,380,008	\$ 21,181,482	\$ 24,300,311
Less debt service funds	374,250	420,806	409,223	99,776
Net Bonded Debt	<u>\$ 19,150,245</u>	<u>\$ 18,959,202</u>	<u>\$ 20,772,259</u>	<u>\$ 24,200,535</u>
Net Bonded Debt as a Percentage of Estimated Actual Taxable Value of Property	2.11%	2.06%	2.30%	2.67%
Population	21,413	21,413	24,236	24,236
Net Bonded Debt per Capita	\$ 894	\$ 885	\$ 857	\$ 999

Note:
(1) General bonded debt includes debt of both governmental and business-type activities (excluding capital leases and revenue bonds),

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 917,184,020	\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264	\$ 1,228,341,881	\$ 1,287,439,433
\$ 22,859,696 102,167	\$ 25,121,189 79,394	\$ 32,818,253 74,833	\$ 29,904,403 92,651	\$ 27,530,554 97,686	\$ 25,527,996 152,313
<u>\$ 22,757,529</u>	<u>\$ 25,041,795</u>	<u>\$ 32,743,420</u>	<u>\$ 29,811,752</u>	<u>\$ 27,432,868</u>	<u>\$ 25,375,683</u>
2.48%	2.61%	3.25%	2.74%	2.23%	1.97%
24,236	24,236	24,236	24,236	24,236	24,236
\$ 939	\$ 1,033	\$ 1,351	\$ 1,230	\$ 1,132	\$ 1,047

net of original issuance discounts and premiums.

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2018

	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental Unit			
Debt Repaid with Property Taxes			
Brazoria County	\$ 76,230,000	4.77%	\$ 3,636,171
Alvin Independent School District	\$ 668,510,000	19.27%	128,821,877
Alvin Community College	\$ 32,515,000	15.71%	<u>5,108,107</u>
Subtotal, overlapping debt			137,566,155
City Direct Debt	\$ 25,527,996	100.00%	<u>25,527,996</u>
Total Direct and Overlapping Debt			<u><u>\$ 163,094,151</u></u>

Source: Brazoria County

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

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CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION

September 30, 2018

Fiscal Year	Total Taxable Assessed Value	State Equalization Rate	Full Valuation
2018	\$ 1,287,439,433	100%	\$ 1,287,439,433
2017	\$ 1,228,341,881	100%	1,228,341,881
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
Total Five Year Valuation			\$ 5,569,029,216

Five Year Average Full Valuation of Taxable Real Property \$ 1,113,805,843

Debt Limit (10% of Average Full Valuation) \$ 111,380,584

Outstanding Indebtedness at September 30

Governmental Activities - General Obligation Debt \$ 4,925,766

Business-Type Activities - General Obligation Debt 10,354,252

Net Indebtedness Subject to Debt Limit **\$ 15,280,018**

Net Debt Contracting Margin \$ 96,100,566

Percentage of Net Debt Contracting Margin Available 86.28%

Percentage of Net Debt Contracting Power Exhausted 13.72%

Last Ten Fiscal Years

Fiscal Year	Debt Limit	Outstanding Indebtedness September 30	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
2018	\$ 111,380,584	\$ 15,280,018	\$ 96,100,566	86.28%
2017	\$ 103,975,476	\$ 13,345,005	\$ 90,630,471	87.17%
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	\$ 92,068,888	\$ 19,715,008	\$ 72,353,880	78.59%
2013	\$ 91,718,402	\$ 16,894,009	\$ 74,824,393	81.58%
2012	\$ 90,754,111	\$ 17,783,000	\$ 72,971,111	80.41%
2011	\$ 90,277,305	\$ 9,976,998	\$ 80,300,307	88.95%
2010	\$ 92,151,160	\$ 9,911,001	\$ 82,240,159	89.24%
2009	\$ 108,094,183	\$ 9,500,000	\$ 98,594,183	91.21%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Gross Revenues (1)	\$ 6,605,025	\$ 6,309,789	\$ 6,776,431	\$ 6,539,555
Operating Expenses (2)	4,361,497	3,516,010	3,165,676	3,205,149
Net Revenues Available for Debt Service	\$ 2,243,528	\$ 2,793,779	\$ 3,610,755	\$ 3,334,406
Debt Service Requirements (3)				
Principal	\$ 1,478,461	\$ 600,000	\$ 600,000	\$ 620,000
Interest	875,517	425,106	407,106	388,256
Total	\$ 2,353,978	\$ 1,025,106	\$ 1,007,106	\$ 1,008,256
Coverage	0.95	2.73	3.59	3.31

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

* Revenue bonds were issued in fiscal year 2018, however, no principal or interest payments were scheduled.

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>
\$ 7,009,368	\$ 7,124,351	\$ 7,642,799	\$ 7,707,395	\$ 8,126,553	\$ 8,791,640
<u>3,487,003</u>	<u>3,515,952</u>	<u>4,758,924</u>	<u>5,496,715</u>	<u>4,018,228</u>	<u>3,996,306</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>	<u><u>\$ 4,108,325</u></u>	<u><u>\$ 4,795,334</u></u>
\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
<u>204,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ 224,338</u></u>	<u><u>\$ -</u></u>				
15.70	-	-	-	-	-

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

<u>Fiscal Year Ended</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (4)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Schooling (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
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%
2017	24,236	\$ 608,914,000	\$ 25,124	35.10	13.11	23,632	5.90%
2018	24,236	\$ 617,818,000	\$ 25,492	35.00	13.30	26,000	5.80%

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) City of Alvin; The Economic Development Alliance

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2018*			2009**		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	3,488	1	59.42%	2,000	1	33.44%
Empereon Constar	700	2	11.93%	-	-	-
INEOS Olfens & Polymers USA	575	3	9.80%	429	6	7.17%
Team Industrial Services	492	4	8.38%	247	9	4.13%
Alvin Community College	282	5	4.80%	500	4	8.36%
City of Alvin	198	6	3.37%	186	10	3.11%
RiceTec	135	7	2.30%	-	-	-
Dish Network	-	-	-	1,030	2	17.22%
WalMart	-	-	-	514	3	8.59%
Solutia	-	-	-	465	5	7.77%
Ron Carter Automotive	-	-	-	310	7	5.18%
Lyondell/Equistar	-	-	-	300	8	5.02%
Total	<u>5,870</u>		<u>100.00%</u>	<u>5,981</u>		<u>100.00%</u>

Source: Economic development department

* <http://www.eda-bc.com/reports> ... Data only provided Top 7 Major Employers (Reports > Top Employers List)

** City of Alvin Financial Report FYE 9/30/2009

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Administration	2.0	2.0	2.0	4.0	3.0	2.0	3.0	2.0	2.0	3.0
Legal	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0
Municipal	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	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	9.0	9.0	8.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0
Public Safety										
Police	72.0	72.0	75.0	76.0	74.0	73.0	72.0	73.0	72.0	72.0
Fire	4.0	4.0	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	4.0	4.0	6.0	7.0	7.0	7.0
Culture and Recreation										
Parks	10.0	9.0	9.0	11.0	10.0	10.0	9.0	9.0	9.0	9.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Senior Center	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Economic Development	2.0	2.0	2.0	2.0	1.0	1.0	2.0	2.0	2.0	2.0
CYB	-	1.0	1.0	1.0	2.0	2.0	1.0	1.0	1.0	1.0
Public Works										
Street	20.0	20.0	20.0	22.0	25.0	25.0	25.0	25.0	25.0	25.0
Engineering										
Engineering	4.0	-	-	-	9.0	7.0	7.0	8.0	9.0	9.0
Planning	4.0	-	-	-	-	-	-	-	-	-
CIP	4.0	4.0	-	-	-	-	-	-	-	-
Community Development										
Inspections	5.0	4.0	5.0	9.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Enforcement	4.0	4.0	-	-	-	4.0	4.0	5.0	4.0	4.0
General Fund Total	152.0	143.0	138.0	148.0	154.0	154.0	156.0	160.0	160.0	159.0
Enterprise Fund:										
Administration	8.0	7.0	7.0	7.0	8.0	8.0	8.0	7.0	7.0	7.0
Water, Sewer, WWTP	24.0	24.0	24.0	24.0	25.0	24.0	24.0	24.0	24.0	24.0
Enterprise Fund Total	32.0	31.0	31.0	31.0	33.0	32.0	32.0	31.0	31.0	31.0
Internal Service Fund:										
Administration	4.0	4.0	4.0	4.0	4.0	5.0	6.0	6.0	6.0	5.0
Internal Service Fund Total	4.0	4.0	4.0	4.0	4.0	5.0	6.0	6.0	6.0	5.0
Emergency Medical Services:										
Administration	2.0	2.0	2.0	3.0	3.0	3.0	18.0	18.0	18.0	18.0
Emergency Medical Services Total	2.0	2.0	2.0	3.0	3.0	3.0	18.0	18.0	18.0	18.0
Total City Positions	190.0	180.0	175.0	186.0	194.0	194.0	212.0	215.0	215.0	213.0

Source: Economic development department

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Physical arrests	1,973	1,920	2,253	2,199
Traffic violations	3,405	3,429	3,857	3,649
Fire				
Emergency responses	894	599	511	560
Inspections	461	424	511	428
Sanitation				
Monthly residential pickups	5,339	5,376	5,452	5,486
Commercial containers	835	835	848	842
Culture and recreation				
Athletic fields	21	22	22	22
Water				
New accounts	93	55	94	91
Total number of water connections	7,350	7,405	7,499	7,567
Average daily consumption (thousands of gallons)	2.774	2.414	2.414	2.395
Sewer				
Average daily sewage treatment (thousands of gallons)	2.552	3.416	3.416	2.860

Source: Various City departments

Note: Indicators are not available for the general government functions

Fiscal Year

2013	2014	2015	2016	2017	2018
2,402	676	1,271	2,139	2,017	1,955
4,522	5,001	4,647	4,103	5,127	7,325
551	675	636	660	743	690
333	740	1,600	1,563	1,409	1,681
5,566	5,683	5,833	6,017	6,090	6,144
866	883	828	843	849	941
22	22	22	22	22	22
117	119	196	64	123	294
7,684	7,803	7,999	8,063	8,186	8,480
2,337	2,337	2,650	2,604	2,790	2,838
2,639	2,639	2,800	2,546	2,942	2,993

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Stations	1	1	1	1
Patrol units	36	41	41	41
Fire				
Fire station	3	3	3	3
Volunteers	65	65	65	65
Highways and Streets				
Streets (miles)	180	180	180	180
Parks and recreation				
Parks acreage	101	101	103	103
Parks	16	16	16	16
Senior center	-	-	-	-
Skate park	-	-	-	-
Dog park	-	-	-	-
Hike and 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	147	147	150
Fire hydrants	905	920	920	946
Storage capacity (thousands of gallons)	7.92	8.31	8.31	8.31
Sewer				
Sanitary sewers (miles)	104	141	141	142
Storm sewers (miles)	50.5	52.0	52.0	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					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
41	41	41	40	40	40
3	3	3	3	3	3
65	65	65	60	62	60
180	180	180	183	183	183
171	171	171	171	171	171
14	14	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	1	1
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
150	150	150	148	150	150
949	949	1,200	976	984	984
8.31	8.31	8.31	8.31	8.31	8.31
142	142	142	142	144	144
52.0	52.0	57.0	57.0	57.0	57.0
15	15	15	15	15	15

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