



City of Alvin, Texas

**Comprehensive
Annual Financial
Report**

For the Fiscal Year Ended 9/30/2019

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF ALVIN, TEXAS

**For the Year Ended
September 30, 2019**

Official Issuing Report:

**Junru Roland
City Manager**

**Michael Higgins
Chief Financial Officer**

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CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2019

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting	8
Principal Officials	9
 <u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	17
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
 Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	39
 Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	46
 Notes to Financial Statements	51
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	89
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	90
Schedule of the City's Proportionate Share of the Net Pension Liability – Texas Emergency Services Retirement System	91
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System	93
Schedule of Contributions – Texas Municipal Retirement System	94

CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2019

<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	<u>Page</u>
Schedule of Contributions – Texas Emergency Services Retirement System	96
<u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	101
Combining Balance Sheet – Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	108
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Nonmajor Special Revenue Funds:	
Hotel/Motel	112
Special Investigation	113
Court Building Security	113
Municipal Court Technology	114
Donation	114
Juvenile Case Manager	115
Senior	115
Park Dedication	116
Comcast PEG Fees	116
TIRZ No. 2	117
Kendall Lakes TIRZ Redevelopment Authority	117
Permanent Fund:	
Cemetery	118
Combining Statement of Net Position – Internal Service Funds	120
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	122
Combining Statement of Cash Flows – Internal Service Funds	124
<u>OTHER STATEMENTS</u>	
Consolidated Balance Sheet – General Fund – Sub-Funds	128
Consolidated Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund – Sub-Funds	130
Consolidated Statement of Net Position – Water and Sewer Fund – Sub-Funds	132
Consolidated Statement of Revenues, Expenses, and Changes in Fund Net Position – Water and Sewer Fund – Sub-Funds	136
Consolidated Statement of Cash Flows – Water and Sewer Fund – Sub-Funds	138

CITY OF ALVIN, TEXAS

TABLE OF CONTENTS

September 30, 2019

<u>STATISTICAL SECTION</u>	<u>Page</u>
Net Position by Component	144
Changes in Net Position	146
Tax Revenues by Source, Governmental Activities	150
Fund Balances, Governmental Funds	152
Changes in Fund Balances, Governmental Funds	154
Assessed Value and Estimated Actual Value of Taxable Property	156
Property Tax Rates – Direct and Overlapping Governments	158
Principal Property Taxpayers	161
Property Tax Levies and Collections	162
Ratios of Outstanding Debt by Type	164
Ratios of General Bonded Debt Outstanding	166
Direct and Overlapping Governmental Activities Debt	169
Legal Debt Margin Information	171
Pledged-Revenue Coverage	172
Demographic and Economic Statistics	174
Principal Employers	175
Full-Time Equivalent City Government Employees by Function	177
Operating Indicators by Function	178
Capital Asset Statistics by Function	180

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INTRODUCTORY SECTION



CITY OF ALVIN

216 West Sealy Street • Alvin, Texas 77511 • (281) 388-4242 • FAX (281) 388-4294

March 20, 2020

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, 2019 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 assurance that the financial statements of the City for the fiscal year ended September 30, 2019 are free from 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, 2019 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, the City’s organizational chart, the Certificate of Achievement for Excellence in Financial Reporting, and the Principal Officials. 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, combining and individual financial statements and schedules, and other 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 28,616. 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 89 as part of the Required Supplementary 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 101 for the debt service fund and page 112 for the nonmajor special revenue funds and permanent fund.

ECONOMIC CONDITION

"A city government with individuals who, through cooperation, teamwork and pride, serve to provide the highest level of service to its community." This mission statement is what guides the City staff as they go about working for the community. Our strategic partners, from the public to private sector, are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community.

Park improvements include the construction and completion of a 46-acre disc golf course. This includes a concrete walking trail and lights for night play. Our local Alvin Noon Lions Club held the first sanctioned Professional Disc Golf Association (PDGA) tournament on March 6. This brought in a full flight of professional

disc golfers and included a Friday evening exhibition event to allow the community to come out and discover the new sporting activity. Other improvements included sidewalks in Pearson Park and many new wood carvings from trees in several areas of the City.

The Alvin Convention and Visitors Bureau is sponsoring the 27th annual Tour de Braz on April 5, 2020. This is a multilevel bike ride from 10 to 100-mile routes. Over 300 riders participated last year. Proceeds will go toward the Alvin Volunteer Fire Department to help fund more equipment to assist the many volunteers who help protect our community.

City Council authorized an expansion to the Alvin Historical Museum. This will house the new Nolan Ryan baseball exhibit area with an opening date of April 21, 2020. 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 continues with its part-time staff that allows for more open hours of operation to the public.

The City continues to work with Alvin Sunrise Rotary Club through a multi-year contract to make improvements at Briscoe Park which will be used for their 9th annual spring Rotary Music Festival and BBQ Cook-off. The Cook-off has more than 160 teams and the festival event brings thousands to the City of Alvin over the now three days of concerts and generates many hotel stays.

The City continues to be dedicated to annually funding roadway improvements. Several Capital Improvement Projects are completed to include several miles of street rebuilding, water lines and wastewater system expansion and capacity, and drainage improvements. This include the 0.75-mile Johnson Street paving project from South Street to FM 1462 with new sidewalks and drainage facilities. Construction is nearing completion on the \$475,000 Durant Road 4.9-acre detention pond for additional storm water storage capacity. A \$7.5 million capacity upgrade to the wastewater treatment plant was started last fall and is nearing completion. This will add 20 to 25 years of life to the facilities.

The community maintained growth momentum with 216 new residential homes constructed in 2019. The value for new residential permits equaled \$39.8 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. Upcoming residential developments in Mustang Ridge, Parkside Trails, and Fairway Lakes are starting their infrastructure that will have over 400 residential lots.

New commercial construction permits in 2019 equaled \$12.5 million in value. Additionally, the value for repairs/additions/etc. of commercial and residential permits combined to equal \$7.1 million. New commercial projects include the new Chick-fil-A, Discount Tire, Bluewave Carwash, and a new retail center next to Westover Plaza on Bypass 35 that will house two new restaurants and additional retail space. On the south side of the City, Wendy's restaurant was completed off of FM 1462. Alvin Community College has started their \$25 million facility upgrades that will include a new culinary arts teaching facility.

INEOS Olefins & Polymers' new \$550 million Linear Alpha Olefins plant is now complete and brought 94 total direct/indirect employees to the area. Ascend Performance Materials and INEOS currently employ 1,000 workers between direct and permanent contractors.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

The 2035 Comprehensive Plan, adopted by City Council in 2014, continues to provide the city with projects for implementation. Many projects are now inside our Capital Improvement Plan. Progress reports are generated on a quarterly basis and can be found on the City's Engineering Department web page. Twenty-eight projects are listed that include a new fire/EMS station now under construction, 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 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 Downtown Alvin Revitalization Team continues to improve efforts to revitalize the downtown district. The City-matching grant program is now in its fourth year and has been extended to cover the Gordon Street Corridor from State Hwy 6 to FM 1462. Two new grant awards include façade improvements to PATCO Ace Hardware and Alvin Seafood.

THE FUTURE IS BRIGHT

Texas Department of Transportation (TxDOT) continues to construct the remaining components of State Highway 99, the Grand Parkway. TxDOT has completed the new traffic counts and has commissioned the traffic and revenue study to determine the best funding mechanism for the project. The tollway will utilize existing right of way through Alvin and connect two major highways, linking hundreds of thousands of people to this community. Another important project is the FM 528 Extension. The existing State Highway 6 is another vital link to many points heading west and north around the Houston region.

For the lifelong learners, we are proud to have Alvin Community College here providing many educational and cultural activities for all ages. From music, to sports, to continuing education programs, citizens enjoy coming together on campus. Many take advantage of the walking trails that lead over to the Thelma Lee Anderson YMCA, a first-class center for all ages. Next to these facilities is the new disc golf course discussed earlier.

It is easy to see all the years of planning and implementation have created a community one would be proud to call home.

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, 2018. This was the seventeenth 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, 2018. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as a policy document, a financial plan, an 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

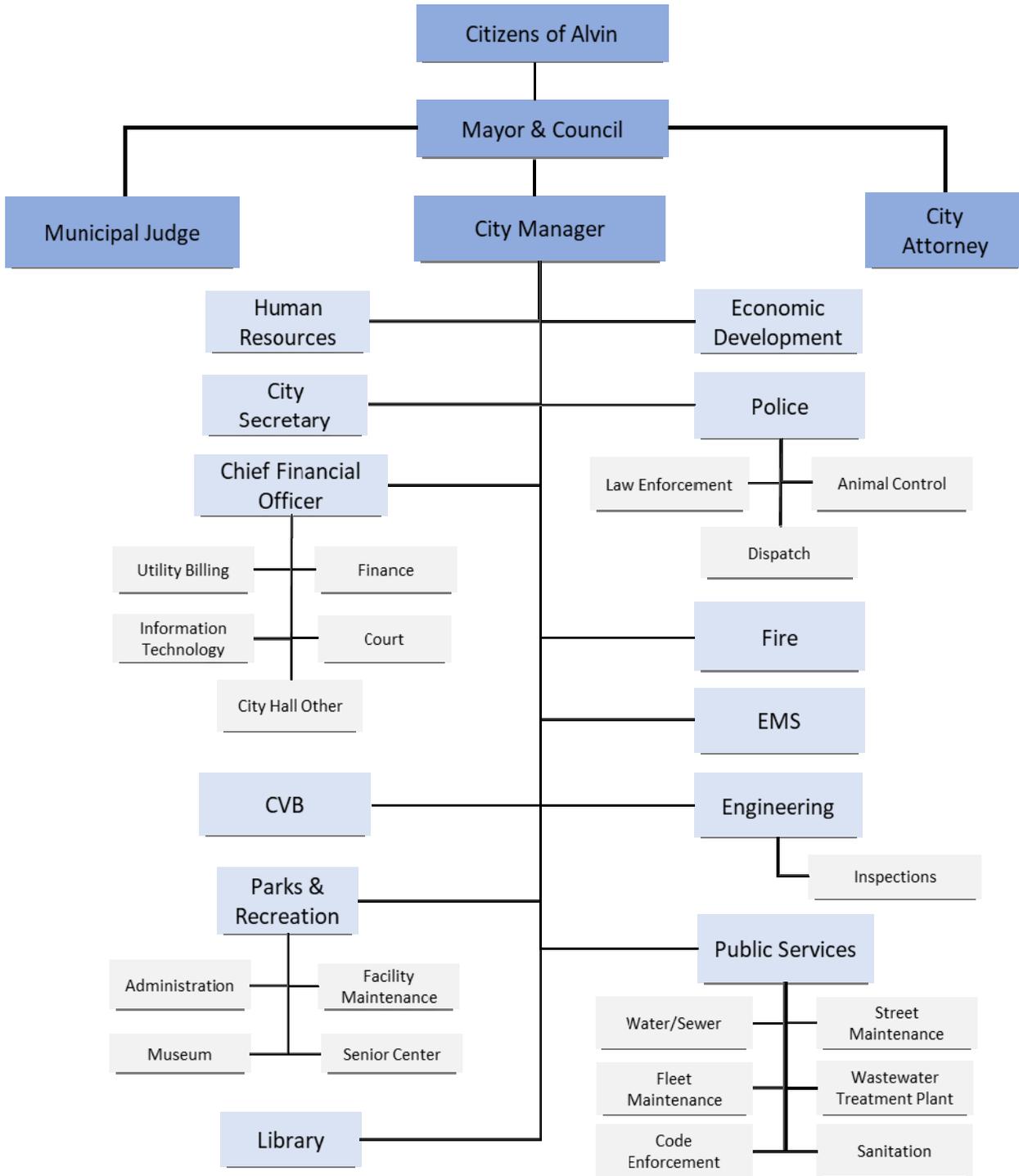


Michael Higgins
Chief Financial Officer

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2019



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, 2018

Christopher P. Merrill

Executive Director/CEO

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2019

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Paul Horn	Mayor	2020
Martin Vela	Council Member - District A	2022
Adam Arendell	Council Member - District B	2021
Keith Thompson	Mayor Pro Tem, Council Member - District C	2021
Glenn Starkey	Council Member - District D	2022
Gabe Adame	Council Member - District E	2020
Brad Richards	Council Member - At Large 1	2021
Joel Castro	Council Member - At Large 2	2022

<u>Key Staff</u>	<u>Position</u>
Junru Roland	City Manager
Michael Higgins	Chief Financial Officer
Dixie Roberts	City Secretary
Vacant	Municipal Court Judge
Suzanne Hanneman	City Attorney
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

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, 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 and schedules and other statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and other statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 20, 2020

***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, 2019

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), the sales tax capital projects fund, and the bond capital projects fund, which are considered to be major funds.

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.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

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 vehicle maintenance, 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 \$89,469,810 as of September 30, 2019. The largest portion of the City's net position, 60 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, 2019

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 43,383,301	\$ 24,091,565	\$ 45,570,522	\$ 33,318,056	\$ 88,953,823	\$ 57,409,621
Capital assets, net	41,706,719	37,813,638	38,050,305	31,837,057	79,757,024	69,650,695
Total Assets	85,090,020	61,905,203	83,620,827	65,155,113	168,710,847	127,060,316
Deferred outflows - pensions	3,340,232	1,256,762	918,682	265,310	4,258,914	1,522,072
Deferred outflows - OPEB	26,861	33,622	6,231	8,115	33,092	41,737
Deferred loss on refunding	129,432	141,460	1,208,922	1,294,272	1,338,354	1,435,732
Total Deferred Outflows of Resources	3,496,525	1,431,844	2,133,835	1,567,697	5,630,360	2,999,541
Long-term liabilities	32,332,644	12,976,318	46,630,224	31,239,568	78,962,868	44,215,886
Other liabilities	1,656,208	1,780,324	3,183,893	2,923,158	4,840,101	4,703,482
Total Liabilities	33,988,852	14,756,642	49,814,117	34,162,726	83,802,969	48,919,368
Deferred inflows - pensions	390,456	1,718,211	89,325	393,299	479,781	2,111,510
Deferred inflows - OPEB	31,096	-	9,336	-	40,432	-
Deferred gain on refunding	512,415	555,116	35,800	37,685	548,215	592,801
Total Deferred Inflows of Resources	933,967	2,273,327	134,461	430,984	1,068,428	2,704,311
Net Position:						
Net investment in capital assets	34,920,134	31,660,047	18,635,882	20,418,893	53,556,016	52,078,940
Restricted	9,624,675	9,237,862	-	-	9,624,675	9,237,862
Unrestricted	9,118,917	5,409,169	17,170,202	11,710,207	26,289,119	17,119,376
Total Net Position	\$ 53,663,726	\$ 46,307,078	\$ 35,806,084	\$ 32,129,100	\$ 89,469,810	\$ 78,436,178

A portion of the City's net position, \$9,624,675 or 11 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$26,289,119 or 29 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$11,033,632 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 certificates of obligation and 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 increased 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 certificates of obligation, revenue bonds, bond premiums, and an increase in the net pension liability. Deferred inflows of resources decreased 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, 2019

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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 2,161,095	\$ 2,193,560	\$ 14,782,845	\$ 12,775,214	\$ 16,943,940	\$ 14,968,774
Operating grants and contributions	125,105	118,044	423,630	379,079	548,735	497,123
Capital grants and contributions	2,000,848	66,850	1,190,795	484,131	3,191,643	550,981
General revenues:						
Property taxes	10,939,630	10,443,831	-	-	10,939,630	10,443,831
Sales taxes	7,824,154	7,763,196	-	-	7,824,154	7,763,196
Other taxes and fees	2,245,427	2,305,756	-	-	2,245,427	2,305,756
Gain on sale of capital assets	528,873	-	-	-	528,873	-
Other revenues	611,973	636,887	794,355	390,462	1,406,328	1,027,349
Total Revenues	26,437,105	23,528,124	17,191,625	14,028,886	43,628,730	37,557,010
Expenses						
General government	4,438,343	4,517,071	-	-	4,438,343	4,517,071
Public safety	9,185,813	8,634,931	-	-	9,185,813	8,634,931
Public services	1,942,875	2,356,952	-	-	1,942,875	2,356,952
Community services	2,512,907	2,747,378	-	-	2,512,907	2,747,378
Culture, parks, and recreation	2,089,747	1,987,194	-	-	2,089,747	1,987,194
Interest and fiscal agent fees	569,961	175,913	-	-	569,961	175,913
Water and sewer	-	-	7,164,565	6,540,982	7,164,565	6,540,982
Sanitation	-	-	2,484,910	2,347,415	2,484,910	2,347,415
EMS	-	-	2,205,977	2,170,736	2,205,977	2,170,736
Total Expenses	20,739,646	20,419,439	11,855,452	11,059,133	32,595,098	31,478,572
Increase in Net Position						
Before Transfers	5,697,459	3,108,685	5,336,173	2,969,753	11,033,632	6,078,438
Transfers in (out)	1,659,189	1,161,741	(1,659,189)	(1,161,741)	-	-
Change in Net Position	7,356,648	4,270,426	3,676,984	1,808,012	11,033,632	6,078,438
Beginning net position	46,307,078	42,036,652	32,129,100	30,321,088	78,436,178	72,357,740
Ending Net Position	\$ 53,663,726	\$ 46,307,078	\$ 35,806,084	\$ 32,129,100	\$ 89,469,810	\$ 78,436,178

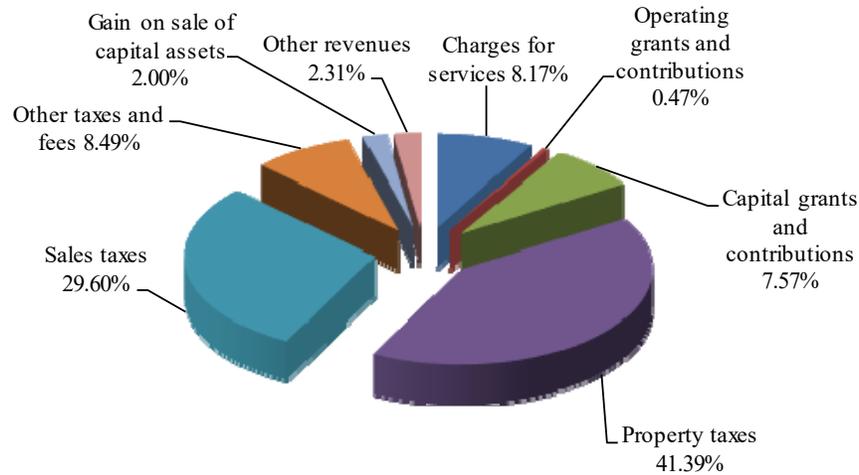
CITY OF ALVIN, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

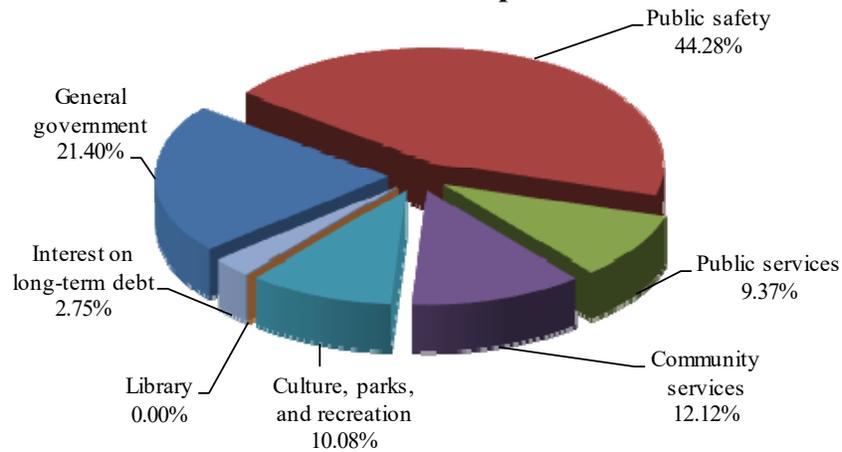
For the Year Ended September 30, 2019

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

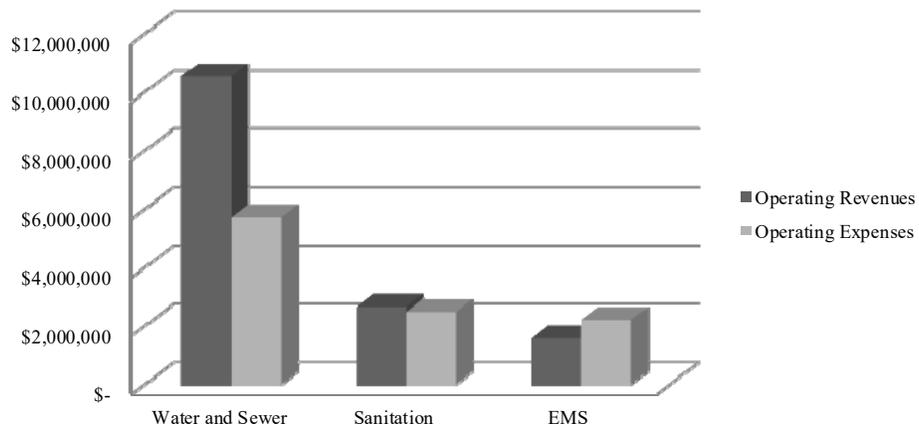
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2019

For the year ended September 30, 2019, revenues from governmental activities totaled \$26,437,105, which is an increase of \$2,908,981 from last year. This is primarily due to an increase in capital grants and contributions from developer conveyed infrastructure, property taxes from an increase in the tax rate and assessed values of properties, and gain on sale of capital assets from two land sales.

For the year ended September 30, 2019, expenses for governmental activities totaled \$20,739,646. Overall governmental expenses increased by \$320,207 due largely to increases in the personnel costs, net pension liability, contracted services, interest expense, and bond issuance costs.

Net position before transfers for business-type activities increased \$5,336,173 compared to the prior year. Revenues increased \$3,162,739 compared to the prior year due to an increase in capital grants and contributions related to the acceptance of water and sewer infrastructure from a developer, an increase in charges for services related to an increase in utility rates, and an increase in investment earnings. Expenses increased \$796,319 compared to the prior year due to bond issuance costs related to a bond issuance, contracted sanitation services, interest expense, and water and sewer maintenance projects.

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 \$37,088,482. Of this, \$62,092 is nonspendable, \$24,546,659 is restricted for various purposes, and \$4,603,231 is assigned for various projects. The remaining balance of \$7,876,500 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$18,835,286 compared to the prior year, due mainly to an increase in property tax revenues, the issuance of certificates of obligation, and an increase in investment earnings. Expenditures increased compared to prior year mainly due to an increase in personnel costs, bond issuance costs, contracted services, 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 \$7,876,500, while total fund balance reached \$11,903,706. 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 47 percent of total general fund expenditures while total fund balance represents 71 percent of the same amount. The general fund demonstrated an overall increase of \$3,498,192 in fund balance due largely to transfers in from other funds and proceeds from the sale of capital assets. Compared to the prior year, revenues increased roughly one percent due to increases in property tax revenue from an increase in both the tax rate and the appraised values of properties and proceeds from the sale of capital assets. Expenditures increased roughly three percent compared to the prior year due to increases in expenditures from personnel costs, insurance premiums, and capital purchases.

The debt service fund has a total fund balance of \$394,430, all of which is restricted for the payment of debt service. The net increase in fund balance during the year was \$242,117. 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, 2019

The sales tax capital projects fund recorded an increase of \$70,328 in fund balance. This is primarily due to the collection of more sales tax revenues than anticipated.

The bond capital projects fund recorded an increase of \$14,881,094 in fund balance. This is primarily due to proceeds from the issuance of certificates of obligation and related premiums.

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 increase in budgeted fund balance in the amount of \$2,368,453 in the general fund. However, the net change in fund balance increased by \$3,498,192, resulting in a positive variance of \$1,129,739 from budgeted as amended over actual. Actual general fund revenues were more than original and amended budgeted revenues by \$450,275 during 2019. The City realized more revenues than anticipated mostly from licenses and permits and fines and forfeitures. Actual expenditures were less than budgeted amounts by \$1,269,427 for the fiscal year. Departments with the largest positive budget variances include finance; 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 \$79,757,024 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$10,106,329.

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

- Purchase of a 2019 vactor truck for \$316,730
- \$1,993,127 of paving and drainage infrastructure was conveyed to the City by a developer
- \$1,148,093 of water and sewer infrastructure was conveyed to the City by a developer
- Completion of the following capital projects:
 - Annual Sidewalk Program for \$341,712
 - South Park Pavement for \$665,663
- Construction in progress additions related to the following:
 - FM528 Extension for \$986,933
 - 2018 Concrete Pavement and Drainage for \$738,138
 - Moller Storm Improvements for \$235,189
 - Street Resurfacing and Road Construction (Johnson Street) for \$1,135,043
 - Disc Golf Course for \$363,045
 - Fire/EMS Station for \$911,266
 - 54" Eastside Interceptor for \$847,799
 - Lift Station 30 Expansion and Highway 35 Gravity Mains for \$333,540
 - Water Plant #6 Tank Replacement for \$349,073
 - Water Line Improvement Phase I for \$247,054
 - Fairway and South Water Line Improvements for \$1,331,085
 - Wastewater Treatment Plant Upgrades for \$3,614,319

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, 2019

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonds, certificates of obligation, notes, and capital leases outstanding of \$61,270,824. Of this amount, \$13,435,017 was general obligation bonds, certificates of obligation accounted for \$23,290,000, revenue bonds totaled \$24,070,000, tax notes totaled \$185,000, and capital leases totaled \$290,807.

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 2019-2020 expenditure budget of \$48,566,249, which is a decrease of 3.54 percent from the prior year amended budget. The City budgeted for fiscal year 2019-2020 revenues of \$50,318,869, which is an increase of 6.74 percent from the prior year budget. The 2019 net taxable value is \$1,412,528,220, an increase of 5.00 percent from the previous year. The tax rate was reduced from \$0.788 to \$0.778. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2019-2020 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 Michael Higgins, Chief Financial Officer, 216 West Sealy Street, Alvin, Texas 77511.

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BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET POSITION

September 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 40,643,864	\$ 13,074,083	\$ 53,717,947
Investments	250,455	499,487	749,942
Receivables, net of allowances	2,337,050	3,493,045	5,830,095
Inventory	15,357	27,705	43,062
Prepays and other assets	136,575	95	136,670
Restricted assets:			
Temporarily restricted cash and cash equivalents	-	28,476,107	28,476,107
	43,383,301	45,570,522	88,953,823
Capital assets:			
Nondepreciable capital assets	9,755,718	10,823,855	20,579,573
Depreciable capital assets, net	31,951,001	27,226,450	59,177,451
	41,706,719	38,050,305	79,757,024
Total Assets	85,090,020	83,620,827	168,710,847
Deferred Outflows of Resources			
Deferred outflows - TMRS	3,231,828	918,682	4,150,510
Deferred outflows - TESRS	108,404	-	108,404
Deferred outflows - OPEB	26,861	6,231	33,092
Deferred loss on refunding	129,432	1,208,922	1,338,354
Total Deferred Outflows of Resources	3,496,525	2,133,835	5,630,360
Liabilities			
Accounts payable and accrued liabilities	1,456,103	2,742,770	4,198,873
Accrued bond interest	200,105	441,123	641,228
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	583,709	96,254	679,963
Bonds payable	681,613	2,998,388	3,680,001
Capital leases payable	28,331	-	28,331
Portion due in more than one year:			
Compensated absences	64,857	7,154	72,011
Bonds payable (net of deferred charges)	20,326,965	40,770,372	61,097,337
Capital leases payable	262,476	-	262,476
Net pension liability - TMRS	9,467,080	2,650,758	12,117,838
Net pension liability - TESRS	470,897	-	470,897
Total OPEB liability	446,716	107,298	554,014
Total Liabilities	33,988,852	49,814,117	83,802,969
Deferred Inflows of Resources			
Deferred inflows - TMRS	363,074	89,325	452,399
Deferred inflows - TESRS	27,382	-	27,382
Deferred inflows - OPEB	31,096	9,336	40,432
Deferred gain on refunding	512,415	35,800	548,215
Total Deferred Inflows of Resources	933,967	134,461	1,068,428
Net Position			
Net investment in capital assets	34,920,134	18,635,882	53,556,016
Restricted for:			
Nonexpendable			
Perpetual care	50,000	-	50,000
Expendable			
Debt service	394,430	-	394,430
Enabling legislation	1,243,495	-	1,243,495
Tax increment reinvestment zone	840,150	-	840,150
Capital projects	6,508,735	-	6,508,735
Permanent fund	587,865	-	587,865
Unrestricted	9,118,917	17,170,202	26,289,119
Total Net Position	\$ 53,663,726	\$ 35,806,084	\$ 89,469,810

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,438,343	\$ 473,199	\$ 83,675	\$ -
Public safety	9,185,813	1,687,896	41,430	-
Public services	1,942,875	-	-	2,000,848
Community services	2,512,907	-	-	-
Culture, parks, and recreation	2,089,747	-	-	-
Interest and fiscal agent fees	569,961	-	-	-
Total Governmental Activities	20,739,646	2,161,095	125,105	2,000,848
Business-Type Activities				
Water and sewer	7,164,565	10,553,901	-	1,175,513
Sanitation	2,484,910	2,657,125	-	15,282
Emergency medical services	2,205,977	1,571,819	423,630	-
Total Business-Type Activities	11,855,452	14,782,845	423,630	1,190,795
Total Primary Government	\$ 32,595,098	\$ 16,943,940	\$ 548,735	\$ 3,191,643

General Revenues:

- Property taxes
- Sales taxes
- Franchise fees
- Other taxes
- Investment revenue
- Gain on sale of capital assets
- 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
\$ (3,881,469)	\$ -	\$ (3,881,469)
(7,456,487)	-	(7,456,487)
57,973	-	57,973
(2,512,907)	-	(2,512,907)
(2,089,747)	-	(2,089,747)
(569,961)	-	(569,961)
<u>(16,452,598)</u>	<u>-</u>	<u>(16,452,598)</u>
-	4,564,849	4,564,849
-	187,497	187,497
-	(210,528)	(210,528)
<u>-</u>	<u>4,541,818</u>	<u>4,541,818</u>
<u>(16,452,598)</u>	<u>4,541,818</u>	<u>(11,910,780)</u>
10,939,630	-	10,939,630
7,824,154	-	7,824,154
1,713,207	-	1,713,207
532,220	-	532,220
485,836	691,921	1,177,757
528,873	-	528,873
126,137	102,434	228,571
1,659,189	(1,659,189)	-
<u>23,809,246</u>	<u>(864,834)</u>	<u>22,944,412</u>
7,356,648	3,676,984	11,033,632
<u>46,307,078</u>	<u>32,129,100</u>	<u>78,436,178</u>
<u>\$ 53,663,726</u>	<u>\$ 35,806,084</u>	<u>\$ 89,469,810</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Sales Tax Capital Projects	Bond Capital Projects
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 11,909,324	\$ 394,075	\$ 5,716,818	\$ 14,895,783
Investments	-	-	250,455	-
Receivables, net	1,257,871	44,846	952,235	-
Due from other funds	1,800	-	-	-
Prepaid items	62,092	-	-	-
Total Assets	\$ 13,231,087	\$ 438,921	\$ 6,919,508	\$ 14,895,783
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 867,624	\$ -	\$ 410,773	\$ -
Due to other funds	-	-	-	-
Other payables	87,287	-	-	-
Total Liabilities	954,911	-	410,773	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	372,470	44,491	-	-
	372,470	44,491	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	62,092	-	-	-
Restricted for:				
Debt service	-	394,430	-	-
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	-
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
Capital projects	-	-	6,508,735	14,895,783
Permanent fund	-	-	-	-
Assigned to:				
Special projects	3,316,548	-	-	-
Compensated absences	648,566	-	-	-
Unassigned	7,876,500	-	-	-
Total Fund Balances	11,903,706	394,430	6,508,735	14,895,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,231,087	\$ 438,921	\$ 6,919,508	\$ 14,895,783

See Notes to Financial Statements.

<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 3,338,552	\$ 36,254,552
-	250,455
82,084	2,337,036
-	1,800
-	62,092
<u>\$ 3,420,636</u>	<u>\$ 38,905,935</u>
\$ 33,008	\$ 1,311,405
1,800	1,800
-	87,287
<u>34,808</u>	<u>1,400,492</u>
-	416,961
<u>-</u>	<u>416,961</u>
-	62,092
-	394,430
50,000	50,000
26,201	26,201
1,243,495	1,243,495
840,150	840,150
-	21,404,518
587,865	587,865
638,117	3,954,665
-	648,566
-	7,876,500
<u>3,385,828</u>	<u>37,088,482</u>
<u>\$ 3,420,636</u>	<u>\$ 38,905,935</u>

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2019

Total fund balances - total governmental funds \$ 37,088,482

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	9,755,718
Capital assets, net depreciable	30,732,835

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	(9,684,600)
Deferred outflows - pensions	3,253,223
Deferred inflows - pensions	(379,910)
Total OPEB liability	(446,716)
Deferred outflows - OPEB	26,861
Deferred inflows - OPEB	(31,096)

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

416,961

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.

5,456,905

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

Accrued interest payable	(200,105)
Noncurrent liabilities due in one year	(1,293,653)
Noncurrent liabilities due in more than one year	(20,648,196)
Deferred gain on refunding	(512,415)
Deferred loss on refunding	129,432

Net Position of Governmental Activities	\$ 53,663,726
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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, 2019

	General	Debt Service	Sales Tax Capital Projects	Bond Capital Projects
Revenues				
Property taxes	\$ 9,609,374	\$ 846,766	\$ -	\$ -
Sales taxes	2,608,571	-	5,215,583	-
Franchise fees	1,334,949	-	-	-
Other taxes	532,220	-	-	-
Licenses and permits	1,042,997	-	-	-
Fines and forfeitures	615,522	-	-	-
Charges for services	399,301	-	-	-
Intergovernmental	32,721	-	-	-
Investment revenue	179,726	464	96,848	95,123
Other revenue	9,796	-	627	-
Total Revenues	16,365,177	847,230	5,313,058	95,123
Expenditures				
Current:				
General government	4,207,598	-	-	-
Public safety	9,339,975	-	-	-
Public services	1,132,490	-	-	-
Community services	114,151	-	2,031,972	-
Culture, parks, and recreation	1,964,491	-	-	-
Capital outlay	60,761	-	2,741,174	-
Debt service:				
Principal	35,347	714,307	-	-
Interest and fiscal agent fees	10,360	141,331	-	-
Bond issuance costs	-	963	-	320,349
Total Expenditures	16,865,173	856,601	4,773,146	320,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(499,996)	(9,371)	539,912	(225,226)
Other Financing Sources (Uses)				
Debt issued	-	-	-	14,880,000
Premium on bonds	-	-	-	1,443,355
Transfers in	3,384,547	251,488	-	-
Transfers (out)	(273,450)	-	(469,584)	(1,217,035)
Proceeds from sale of capital assets	887,091	-	-	-
Total Other Financing Sources (Uses)	3,998,188	251,488	(469,584)	15,106,320
Net Change in Fund Balances	3,498,192	242,117	70,328	14,881,094
Beginning fund balances	8,405,514	152,313	6,438,407	14,689
Ending Fund Balances	\$ 11,903,706	\$ 394,430	\$ 6,508,735	\$ 14,895,783

See Notes to Financial Statements.

Nonmajor Governmental	Total
\$ 449,549	\$ 10,905,689
-	7,824,154
378,258	1,713,207
-	532,220
-	1,042,997
29,377	644,899
73,898	473,199
58,675	91,396
71,629	443,790
136,274	146,697
<u>1,197,660</u>	<u>23,818,248</u>
143,592	4,351,190
145,924	9,485,899
-	1,132,490
724,624	2,870,747
16,365	1,980,856
-	2,801,935
5,075	754,729
1,748	153,439
-	321,312
<u>1,037,328</u>	<u>23,852,597</u>
<u>160,332</u>	<u>(34,349)</u>
-	14,880,000
-	1,443,355
444,419	4,080,454
(461,196)	(2,421,265)
-	887,091
<u>(16,777)</u>	<u>18,869,635</u>
143,555	18,835,286
<u>3,242,273</u>	<u>18,253,196</u>
<u>\$ 3,385,828</u>	<u>\$ 37,088,482</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 \$ 18,835,286

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	4,371,959
Depreciation expense	(1,917,636)
Net disposals	(358,218)

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. Pension/OPEB expense and the amortization of deferred items are recognized at the government-wide level.

Principal payments	719,382
Amortization of deferred amounts	54,538
Compensated absences	(29,831)
Capital lease activity	35,347
Issuance of bonds	(14,880,000)
Premiums on issuance of bonds	(1,443,355)
Accrued interest	(149,748)
Deferred outflows - pensions	3,186,998
Deferred inflows - pensions	136,233
Net pension liability	(3,700,639)
Deferred outflows - OPEB	(6,761)
Deferred inflows - OPEB	(31,096)
Total OPEB liability	8,665

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.

Pension plan on-behalf revenues	41,430
Pension plan on-behalf expenses	(41,430)

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

2,027,068

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.

498,456

Change in Net Position of Governmental Activities **\$ 7,356,648**

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Assets				
Current Assets				
Cash and equity in pooled cash and investments	\$ 10,184,690	\$ 2,373,458	\$ 515,935	\$ 13,074,083
Investments	499,487	-	-	499,487
Accounts receivable (net of allowance for uncollectibles)	1,587,591	357,575	1,547,879	3,493,045
Inventory	27,705	-	-	27,705
Prepaid items	-	-	95	95
Restricted cash, cash equivalents, and investments:				
Construction	27,260,152	-	-	27,260,152
Customer deposits	1,215,955	-	-	1,215,955
Total Current Assets	40,775,580	2,731,033	2,063,909	45,570,522
Noncurrent Assets				
Capital assets:				
Land	937,829	37,780	-	975,609
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements	4,734,269	2,581,071	36,879	7,352,219
Infrastructure	50,963,279	15,342	-	50,978,621
Equipment	3,056,870	-	534,667	3,591,537
Construction in progress	9,848,246	-	-	9,848,246
Less allowance for depreciation	(37,890,604)	(2,110,955)	(856,825)	(40,858,384)
Total Capital Assets (Net)	37,173,422	603,739	273,144	38,050,305
Total Noncurrent Assets	37,173,422	603,739	273,144	38,050,305
Total Assets	77,949,002	3,334,772	2,337,053	83,620,827
Deferred Outflows of Resources				
Deferred outflows - pensions	473,560	-	445,122	918,682
Deferred outflows - OPEB	3,335	-	2,896	6,231
Deferred loss on refunding	1,177,837	31,085	-	1,208,922
Total Deferred Outflows of Resources	1,654,732	31,085	448,018	2,133,835

**Governmental
Activities**

**Internal
Service**

\$ 4,389,312

-

14

15,357

74,483

-

-

4,479,166

-

7,754

-

-

3,330,845

-

(2,120,433)

1,218,166

1,218,166

5,697,332

87,009

-

-

87,009

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 1,216,508	\$ 217,213	\$ 93,094	\$ 1,526,815
Accrued interest payable	439,938	690	495	441,123
Bonds payable - current	2,985,140	9,888	3,360	2,998,388
Compensated absences	55,869	-	40,385	96,254
Current Liabilities Payable From Restricted Assets				
Customer deposits	1,215,955	-	-	1,215,955
Total Current Liabilities	5,913,410	227,791	137,334	6,278,535
Noncurrent Liabilities				
Bonds payable, net of deferred charges	40,644,403	65,917	60,052	40,770,372
Compensated absences	1,838	-	5,316	7,154
Net pension liability	1,381,990	-	1,268,768	2,650,758
Total OPEB liability	56,229	-	51,069	107,298
Total Noncurrent Liabilities	42,084,460	65,917	1,385,205	43,535,582
Total Liabilities	47,997,870	293,708	1,522,539	49,814,117
Deferred Inflows of Resources				
Deferred inflows - pensions	50,439	-	38,886	89,325
Deferred inflows - OPEB	4,298	-	5,038	9,336
Deferred gain on refunding	-	-	35,800	35,800
Total Deferred Inflows of Resources	54,737	-	79,724	134,461
Net Position				
Net investment in capital assets	17,902,931	559,019	173,932	18,635,882
Unrestricted net position	13,648,196	2,513,130	1,008,876	17,170,202
Total Net Position	\$ 31,551,127	\$ 3,072,149	\$ 1,182,808	\$ 35,806,084

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 57,411

-

-

4,578

-

61,989

-

1,524

253,377

-

254,901

316,890

10,546

-

-

10,546

1,218,166

4,238,739

\$ 5,456,905

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2019

	Business-Type Activities			Total
	Water and Sewer	Sanitation	Emergency Medical Services	
<u>Operating Revenues</u>				
Water services	\$ 4,476,648	\$ -	\$ -	\$ 4,476,648
Sewer services	5,251,286	-	-	5,251,286
Sanitation services	-	2,656,274	-	2,656,274
Emergency medical services	-	-	1,564,641	1,564,641
Charges for services	-	-	-	-
Other revenues	825,967	851	7,178	833,996
	Total Operating Revenues	2,657,125	1,571,819	14,782,845
<u>Operating Expenses</u>				
Water services	1,406,373	-	-	1,406,373
Sewer services	2,614,674	-	-	2,614,674
Sanitation services	-	2,426,942	-	2,426,942
Emergency medical services	-	-	2,160,027	2,160,027
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,700,295	55,784	43,966	1,800,045
	Total Operating Expenses	2,482,726	2,203,993	10,408,061
	Operating Income (Loss)	174,399	(632,174)	4,374,784
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	27,420	15,282	423,630	466,332
Gain (Loss) on sale of capital assets	-	99,934	-	99,934
Investment revenues	645,140	35,100	11,681	691,921
Interest and fiscal agent fees	(1,443,223)	(2,184)	(1,984)	(1,447,391)
Insurance proceeds	-	-	2,500	2,500
	Total Nonoperating Revenues (Expenses)	148,132	435,827	(186,704)
	Income (Loss) Before Transfers and Contributions	322,531	(196,347)	4,188,080
<u>Transfers and Contributions</u>				
Capital contributions	1,148,093	-	-	1,148,093
Transfers in	72,168	-	-	72,168
Transfers (out)	(768,174)	(808,408)	(154,775)	(1,731,357)
	Total Transfers and Contributions	(808,408)	(154,775)	(511,096)
	Change in Net Position	(485,877)	(351,122)	3,676,984
Beginning net position	27,037,144	3,558,026	1,533,930	32,129,100
	Ending Net Position	\$ 3,072,149	\$ 1,182,808	\$ 35,806,084

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ -
-
-
-
1,848,394
73,161

1,921,555

-
-
-
-
132,762
1,084,028
227,795

1,444,585

476,970

-
(20,560)
42,046
-
-

21,486

498,456

-
-
-
-

498,456

4,958,449

\$ 5,456,905

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2019

	Business-Type Activities			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 10,054,691	\$ 2,925,238	\$ 1,585,062	\$ 14,564,991
Payments to suppliers	(1,734,162)	(2,416,137)	(467,785)	(4,618,084)
Payments to employees	(1,909,953)	-	(1,661,110)	(3,571,063)
Net Cash Provided (Used) by Operating Activities	6,410,576	509,101	(543,833)	6,375,844
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	72,168	-	-	72,168
Transfer to other funds	(768,174)	(808,408)	(154,775)	(1,731,357)
Insurance claim recovery	-	-	2,500	2,500
Intergovernmental	27,420	15,282	423,630	466,332
Net Cash Provided (Used) by Noncapital Financing Activities	(668,586)	(793,126)	271,355	(1,190,357)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(7,340,987)	-	-	(7,340,987)
Proceeds from sale of capital assets	-	575,722	-	575,722
Proceeds from issuance of bonds	16,211,792	-	-	16,211,792
Interest and fiscal agent fees paid	(1,114,277)	(2,572)	(4,189)	(1,121,038)
Principal paid on capital debt	(2,146,804)	(7,468)	(6,348)	(2,160,620)
Net Cash Provided (Used) by Capital and Related Financing Activities	5,609,724	565,682	(10,537)	6,164,869
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	245,510	-	-	245,510
Purchase of investments	(248,000)	-	-	(248,000)
Interest on investments	645,140	35,100	11,681	691,921
Net Cash Provided by Investing Activities	642,650	35,100	11,681	689,431
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	11,994,364	316,757	(271,334)	12,039,787
Beginning 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	\$ 38,660,797	\$ 2,373,458	\$ 515,935	\$ 41,550,190
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 10,184,690	\$ 2,373,458	\$ 515,935	\$ 13,074,083
Restricted cash and equity in pooled cash and investments	28,476,107	-	-	28,476,107
	\$ 38,660,797	\$ 2,373,458	\$ 515,935	\$ 41,550,190

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 1,872,065
(1,123,979)
(130,996)
617,090

-
-
-
-

(52,204)

-
-
-
-

(52,204)

-
-
42,046

42,046

606,932

3,782,380

\$ 4,389,312

\$ 4,389,312

-

\$ 4,389,312

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2019

	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)	\$ 4,832,559	\$ 174,399	\$ (632,174)	\$ 4,374,784
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,700,295	55,784	43,966	1,800,045
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(499,385)	268,113	13,243	(218,029)
Deferred outflows of resources	(248,846)	-	(317,468)	(566,314)
Inventories	7,215	-	-	7,215
Prepays	720	-	(95)	625
Increase (Decrease) in Current Liabilities:				
Accounts payable	62,692	10,805	637	74,134
Accrued interest payable	186,425	-	-	186,425
Compensated absences	(4,370)	-	829	(3,541)
Customer deposits	175	-	-	175
Deferred inflows of resources	(139,498)	-	(155,140)	(294,638)
Net pension liability	513,791	-	503,773	1,017,564
Total OPEB liability	(1,197)	-	(1,404)	(2,601)
Net Cash Provided (Used) by Operating Activities	\$ 6,410,576	\$ 509,101	\$ (543,833)	\$ 6,375,844
Noncash investing, capital, and financing activities:				
Capital contribution	\$ 1,148,093	\$ -	\$ -	\$ 1,148,093

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service**

\$ 476,970

227,795

(14)
(56,174)
22,607
(72,083)

(39,951)
-
(9,133)

-
(31,820)
98,893

\$ 617,090

\$ -

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2019

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 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 Authority’s activities performed pursuant to the Agreement from tax increments realized in TIRZ No. 2.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 and the bond capital projects fund are considered major funds for reporting purposes.

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

The City reports the following enterprise funds:

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

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 vehicle maintenance 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 eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.”

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,

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 deposit, 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.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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. 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.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City’s fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

7. Compensated Employee Absences

It is the City’s policy to permit employees to accumulate earned but unused vacation and compensatory time. The City records vacation as it accrues up to a maximum of 240 hours for all employees hired after October 1, 1998. Employees hired prior to October 1, 1998 are allowed to carry over vacation time (“Old Vacation Time”) accumulated prior to October 1, 1998, plus vacation accumulated after October 1, 1998 up to the maximum of 240 hours plus the Old Vacation Time. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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,

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 (SDBF). 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.

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 2019. 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.

A. Expenditures in Excess of Appropriations

As of September 30, 2019, expenditures exceeded appropriations at the legal level of control as follows:

Donation Fund	
Public Safety	\$ 12,921
Culture, Parks, and Recreation	\$ 1,650
TIRZ No. 2 Fund	
Transfers Out	\$ 73,113
Cemetery Fund	
Transfers Out	\$ 532

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 749,942	0.41
TexPool	9,046,959	0.09
Texas CLASS	1,842,865	0.14
TexSTAR	52,023,980	0.08
Total Fair Value	\$ 63,663,746	
Portfolio weighted average maturity		0.09

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 2019, the City's investments in TexPool, Texas CLASS, 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, 2019, market values of pledged securities were \$20,622,526 and bank balances were \$20,612,663.

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

TexPool

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

TexPool 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust (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 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Sales Tax Capital Projects	Nonmajor	Total
Property taxes	\$ 536,130	\$ 84,602	\$ -	\$ -	\$ 620,732
Sales taxes	473,403	-	946,522	-	1,419,925
Franchise fees	373,765	-	-	-	373,765
Other taxes	-	-	-	55,940	55,940
Intergovernmental	-	-	1,285	-	1,285
Accounts receivable	51,347	355	350	26,144	78,196
Other receivables	4,790	-	4,078	-	8,868
Less allowance	(181,564)	(40,111)	-	-	(221,675)
	<u>\$ 1,257,871</u>	<u>\$ 44,846</u>	<u>\$ 952,235</u>	<u>\$ 82,084</u>	<u>\$ 2,337,036</u>

Proprietary Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Total Enterprise Funds	Internal Service
Accounts receivable	\$ 1,615,170	\$ 363,225	\$ 2,706,898	\$ 4,685,293	\$ -
Other receivables	12,815	-	52,511	65,326	14
Less allowance	(40,394)	(5,650)	(1,211,530)	(1,257,574)	-
	<u>\$ 1,587,591</u>	<u>\$ 357,575</u>	<u>\$ 1,547,879</u>	<u>\$ 3,493,045</u>	<u>\$ 14</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,139,068	\$ -	\$ (262,236)	\$ 4,876,832
Construction in progress	1,861,616	3,495,915	(478,645)	4,878,886
Total capital assets not being depreciated	<u>7,000,684</u>	<u>3,495,915</u>	<u>(740,881)</u>	<u>9,755,718</u>
Other capital assets:				
Buildings	13,751,478	-	-	13,751,478
Infrastructure	38,389,231	3,191,848	(204,538)	41,376,541
Improvements other than buildings	6,658,697	106,093	-	6,764,790
Machinery and equipment	15,005,521	207,151	(1,018,241)	14,194,431
Total other capital assets	<u>73,804,927</u>	<u>3,505,092</u>	<u>(1,222,779)</u>	<u>76,087,240</u>
Less accumulated depreciation for:				
Buildings	(9,939,209)	(412,457)	-	(10,351,666)
Infrastructure	(18,099,282)	(831,426)	108,556	(18,822,152)
Improvements other than buildings	(3,600,075)	(252,491)	-	(3,852,566)
Machinery and equipment	(11,353,407)	(649,057)	892,609	(11,109,855)
Total accumulated depreciation	<u>(42,991,973)</u>	<u>(2,145,431)</u>	<u>1,001,165</u>	<u>(44,136,239)</u>
Other capital assets, net	<u>30,812,954</u>	<u>1,359,661</u>	<u>(221,614)</u>	<u>31,951,001</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,813,638</u>	<u>\$ 4,855,576</u>	<u>\$ (962,495)</u>	<u>41,706,719</u>
			Plus unspent bond proceeds	14,895,783
			Less net deferred charge on refunding	(382,983)
			Less associated debt	(21,299,385)
			Net Investment in Capital Assets	<u>\$ 34,920,134</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 102,097
Public safety	560,082
Public services	907,532
Community services	67,791
Culture, parks, and recreation	280,134
Internal service fund	227,795
Total Governmental Activities Depreciation Expense	<u>\$ 2,145,431</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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	\$ -	\$ (465,758)	\$ 975,609
Construction in progress	2,949,209	6,899,037	-	9,848,246
Total capital assets not being depreciated	4,390,576	6,899,037	(465,758)	10,823,855
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	49,898,419	1,148,093	(67,891)	50,978,621
Improvements other than buildings	7,381,756	-	(29,537)	7,352,219
Machinery and equipment	3,109,276	482,261	-	3,591,537
Total other capital assets	66,551,908	1,630,354	(97,428)	68,084,834
Less accumulated depreciation for:				
Buildings	(4,801,732)	(151,335)	-	(4,953,067)
Infrastructure	(30,066,082)	(1,257,982)	27,581	(31,296,483)
Improvements other than buildings	(2,554,746)	(220,090)	19,507	(2,755,329)
Machinery and equipment	(1,682,867)	(170,638)	-	(1,853,505)
Total accumulated depreciation	(39,105,427)	(1,800,045)	47,088	(40,858,384)
Other capital assets, net	27,446,481	(169,691)	(50,340)	27,226,450
Business-Type Activities Capital Assets, Net	\$ 31,837,057	\$ 6,729,346	\$ (516,098)	38,050,305
			Plus unspent bond proceeds	23,181,215
			Plus deferred charge on refunding	1,173,122
			Less associated debt	(43,768,760)
			Net Investment in Capital Assets	\$ 18,635,882

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,700,295
Sanitation	55,784
Emergency medical services	43,966
Total Business-Type Activities Depreciation Expense	\$ 1,800,045

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 4,560,766	\$ -	\$ (331,437)	\$ 4,229,329	* \$ 496,613
Certificates of obligation	207,945	14,880,000	(207,945)	14,880,000	*
Direct borrowings/placements:					
Tax notes	365,000	-	(180,000)	185,000	* 185,000
Deferred amounts:					
For issuance discounts/premiums	294,759	1,443,355	(23,865)	1,714,249	*
Capital leases	326,154	-	(35,347)	290,807	* 28,331
	<u>5,754,624</u>	<u>16,323,355</u>	<u>(778,594)</u>	<u>21,299,385</u>	<u>709,944</u>
Other liabilities:					
Net pension liability - TMRS	5,649,522	3,817,558	-	9,467,080	-
Net pension liability - TESRS	488,923	-	(18,026)	470,897	-
Total OPEB liability	455,381	-	(8,665)	446,716	-
Compensated absences	627,868	623,401	(602,703)	648,566	583,709
Total Governmental Activities	<u>\$ 12,976,318</u>	<u>\$ 20,764,314</u>	<u>\$ (1,407,988)</u>	<u>\$ 32,332,644</u>	<u>\$ 1,293,653</u>
				<u>\$ 31,038,991</u>	
				<u>\$ 21,299,385</u>	

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
General obligation bonds	\$ 6,039,252	\$ -	\$ (943,564)	\$ 5,095,688	* \$ 1,018,388
General obligation bonds from direct borrowings/placements	4,315,000	-	(205,000)	4,110,000	* 220,000
Certificates of obligation	8,957,055	-	(547,055)	8,410,000	* 530,000
Revenue bonds	9,290,000	15,245,000	(465,000)	24,070,000	* 1,230,000
Deferred amounts:					
For issuance discounts/premiums	788,219	1,343,734	(48,881)	2,083,072	*
	<u>29,389,526</u>	<u>16,588,734</u>	<u>(2,209,500)</u>	<u>43,768,760</u>	<u>2,998,388</u>
Other liabilities:					
Net pension liability - TMRS	1,633,194	1,017,564	-	2,650,758	-
Total OPEB liability	109,899	-	(2,601)	107,298	-
Compensated absences	106,949	90,214	(93,755)	103,408	96,254
Total Business-Type Activities	<u>\$ 31,239,568</u>	<u>\$ 17,696,512</u>	<u>\$ (2,305,856)</u>	<u>\$ 46,630,224</u>	<u>\$ 3,094,642</u>
				<u>\$ 43,535,582</u>	
				<u>\$ 43,768,760</u>	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2011 refunding	4.00%	\$ 595,382
Series 2012 refunding	1.25-2.00%	658,851
Series 2017 refunding	3.00-4.00%	2,975,096
Direct borrowings/placements:		
Series 2013 tax note	1.59%	185,000
Total General Obligation Bonds		4,414,329
Certificates of Obligation		
Series 2019	3.00-5.00%	14,880,000
Total Certificates of Obligation		14,880,000
Capital Leases		
Fire truck	3.24%	290,807
Total Capital Leases		290,807
Total Governmental Activities Long-Term Debt		\$ 19,585,136

Description	Interest Rates	Balance
Business-Type Activities		
General Obligation Bonds		
Series 2011 refunding	4.00%	\$ 659,628
Series 2012 refunding	1.25-2.00%	3,156,150
Series 2017 refunding	3.00-4.00%	1,279,910
Direct borrowings/placements:		
Series 2013 refunding	2.95%	4,110,000
Total General Obligation Bonds		9,205,688
Certificates of Obligation		
Series 2015	2.00-4.00%	8,410,000
Total Certificates of Obligation		8,410,000
Revenue Bonds		
Series 2018	3.00-4.00%	8,825,000
Series 2019	3.00-5.00%	15,245,000
Total Revenue Bonds		24,070,000
Total Business-Type Activities Long-Term Debt		\$ 41,685,688

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

Year Ending	Governmental Activities					
	Bonds		Bonds From Direct Borrowing/Placements		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 496,613	\$ 624,090	\$ 185,000	\$ 2,942	\$ 28,331	\$ 9,427
2021	1,305,631	684,342	-	-	29,250	8,508
2022	1,315,858	631,113	-	-	30,199	7,560
2023	1,138,938	580,303	-	-	31,178	6,580
2024	1,085,308	532,532	-	-	32,189	5,569
2025-2029	5,106,028	1,964,805	-	-	139,660	11,494
2030-2034	4,210,944	969,060	-	-	-	-
2035-2039	3,710,000	388,800	-	-	-	-
2040	740,009	11,100	-	-	-	-
Total	\$ 19,109,329	\$ 6,386,145	\$ 185,000	\$ 2,942	\$ 290,807	\$ 49,138

Year Ending	Business-Type Activities			
	Bonds		Bonds From Direct Borrowing/Placements	
	Principal	Interest	Principal	Interest
2020	\$ 2,778,388	\$ 1,358,756	\$ 220,000	\$ 118,192
2021	2,774,371	1,178,702	230,000	111,544
2022	2,779,143	1,084,000	240,000	104,600
2023	2,481,064	992,135	265,000	97,139
2024	2,169,692	908,856	270,000	89,235
2025-2029	9,458,973	3,371,579	2,885,000	173,964
2030-2034	8,959,057	1,667,916	-	-
2035-2039	6,175,000	422,391	-	-
Total	\$ 37,575,688	\$ 10,984,335	\$ 4,110,000	\$ 694,674

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 \$310,140, net \$194,921.

Certificates of Obligation

The City issued \$14,880,000 of Tax and Revenue Certificates of Obligation, Series 2019 (the "Bonds"). Proceeds from the sale of the Bonds will be used to pay for (i) the design, construction, and equipment of a fire and emergency medical services station and (ii) the design, construction, and equipment of street and drainage improvements. Principal and interest on the Bonds are payable from the debt service fund from tax revenues. The Bonds mature on November 1, 2039 and have an interest rate that ranges from 3.00% to 5.00%.

Revenue Bonds

The City issued \$15,245,000 of Water and Sewer System Revenue Bonds, Series 2019 (the "Bonds"). Proceeds from the sale of the Bonds will be used to pay for acquiring, constructing,

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

improving, and equipping and extending the water and sewer system. Principal and interest on the Bonds are payable from the net revenues of the water and sewer system. The Bonds mature on February 1, 2039 and have an interest rate that ranges from 3.00% to 5.00%.

Legal Debt Margin

The City is authorized to issue debt up to 10% of the average full valuation of taxable real property which is currently \$120,062,238. The net indebtedness subject to the debt limit is \$13,620,017 resulting in a net debt contracting margin of \$106,442,221.

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

Interfund activity between the primary government funds during the year were as follows:

Due From	Due To	Amounts
Nonmajor governmental	General	\$ 1,800

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

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

Transfer In	Transfer Out	Amounts
General	Water and sewer	\$ 768,174
General	Sanitation	736,240
General	Emergency medical services	154,775
General	Sales tax capital projects	469,584
General	Bond capital projects	1,217,035
General	Nonmajor governmental	38,739
Utility	Sanitation	72,168
Debt service	General	251,488
Nonmajor governmental	General	21,962
Nonmajor governmental	Nonmajor governmental	422,457
		\$ 4,152,622

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

F. Fund Equity

As of September 30, 2019, \$1,243,495 of the City’s total fund balance is restricted by enabling legislation.

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.

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>
Durant Pond	\$ 319,521	\$ 191,975	\$ 127,546
St. Resurfacing and Road Construction	1,197,778	946,149	251,629
Disc Golf Course	713,154	332,233	380,921
Total	<u>\$ 2,230,453</u>	<u>\$ 1,470,357</u>	<u>\$ 760,096</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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	\$	654,204
Sales tax capital projects fund		1,210,478
Internal service funds		152,623
Nonmajor governmental funds		279,412
Total	\$	<u>2,296,717</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>
Lift Station #14 and #17 Rehabilitation	\$ 826,355	\$ 61,250	\$ 765,105
Water Plant #6 Tank Replacement	2,330,025	242,850	2,087,175
Water Line Improvement Phase I	1,514,900	126,648	1,388,252
Fairway and South Water Line Improvements	1,178,082	1,121,268	56,814
WWTP Upgrades	4,616,022	4,542,373	73,649
Total	\$ <u>10,465,384</u>	\$ <u>6,094,389</u>	\$ <u>4,370,995</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	\$	30,769
Emergency medical services fund		25,692
Total	\$	<u>56,461</u>

D. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City participates as one of 887 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 % 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>2019</u>	<u>2018</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

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to, but not yet receiving, benefits	239
Active employees	214
Total	<u><u>583</u></u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, 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 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.63% and 16.88% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$1,851,134, which were equal to the required contributions.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 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, 2018 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% and female rates multiplied by 103%. 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% and female rates multiplied by 103% with a three-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for 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 3% floor.

Actuarial assumptions used in the December 31, 2015 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the asset allocation study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7.00% to 6.75%. 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).

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.30%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Real Return	10.0%	3.78%
Real Estate	10.0%	4.44%
Absolute Return	10.0%	3.56%
Private Equity	5.0%	7.75%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 1,815,221	\$ -	\$ 1,815,221
Interest	4,146,821	-	4,146,821
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(157,638)	-	(157,638)
Changes in assumptions	-	-	-
Contributions - employer	-	1,884,709	(1,884,709)
Contributions - employee	-	748,324	(748,324)
Net investment income	-	(1,630,593)	1,630,593
Benefit payments, including refunds of employee contributions	(2,376,061)	(2,376,061)	-
Administrative expense	-	(31,512)	31,512
Other changes	-	(1,646)	1,646
Net Changes	<u>3,428,343</u>	<u>(1,406,779)</u>	<u>4,835,122</u>
Balance at December 31, 2017	61,714,803	54,432,087	7,282,716
Balance at December 31, 2018	<u>\$ 65,143,146</u>	<u>\$ 53,025,308</u>	<u>\$ 12,117,838</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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%, 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	\$ 21,743,873	\$ 12,117,838	\$ 4,298,142

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$2,241,298.

At September 30, 2019, 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	\$ -	\$ 452,399
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	2,819,422	-
Contributions subsequent to the measurement date	1,331,088	-
Total	\$ 4,150,510	\$ 452,399

\$1,331,088 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, 2020. 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
2020	\$ 684,201
2021	248,934
2022	372,936
2023	1,060,952
Thereafter	-
Total	\$ 2,367,023

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 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, 2018, there were 238 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, 2018, the pension system membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3,533
Terminated Members Entitled to Benefits but Not Yet Receiving Them	1,927
Active Participants (Vested and Nonvested)	<u>3,927</u>
Total	<u><u>9,387</u></u>

Pension Plan Fiduciary Net Position

Detailed information about the TESRS’s fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and Required Supplementary Information. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org. The separately issued actuarial valuations 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% vested after the tenth year of service, with the vesting percentage increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to his vested 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% 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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%), 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, of the Part One contributions beginning September 1, 2017.

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, 2018, total contributions (dues, prior service, and interest on prior service financing) of \$106,519 were paid by the City. The State appropriated \$1,329,219 for the fiscal year ending August 31, 2018 to the plan as a whole.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions

The TPL in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	8/31/2018
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 Adjustment:	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% assumption reflected a reduction of 0.22% for adverse deviation.

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%	5.81%
Small cap domestic	10%	5.92%
Developed international	21%	6.21%
Emerging markets	6%	7.18%
Master limited partnership	5%	7.61%
Fixed income		
Domestic	21%	4.46%
International	5%	1.61%
Cash	- %	- %
Total	<u>100%</u>	
Weighted average		5.01%

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Discount Rate

The discount rate used to measure the TPL was 7.75%. No projection of cash flows was used to determine the discount rate because the August 31, 2018 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%, 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	\$ 935,818	\$ 470,897	\$ 157,322

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

At September 30, 2019, the City reported a liability of \$470,897 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	\$ 470,897
State's proportionate share that is associated with the City*	130,690
Total	\$ 601,587

**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, 2018. 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, 2018. The City used the assumption that any differences in the NPL measured as of August 31, 2018 versus September 30, 2018 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, 2017 through August 31, 2018.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

At August 31, 2018, the City's proportion of the collective NPL was 2.175 percent, which was an increase of 0.138 percent from its proportion measured as of August 31, 2017.

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, 2018, the City recognized pension expense of \$149,277. The City recognized on-behalf revenues of \$41,430 calculated by taking the State's total contributions to TESRS multiplied by the City's proportionate share.

At August 31, 2018, 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	\$ -	\$ 26,026
Changes in assumptions	1,758	-
Difference between expected and actual experience	126	1,356
Contributions paid to TESRS subsequent to the measurement date	106,520	-
Total	\$ 108,404	\$ 27,382

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
2020	\$ 30,341
2021	(16,882)
2022	(24,845)
2023	(14,112)
Total	\$ (25,498)

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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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.

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, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	214
Total	339

Total OPEB Liability

The City's total OPEB liability of \$554,014 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%*
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 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 projected 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, 2018.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 23,519
Interest	19,029
Differences between expected and actual experience	(7,769)
Changes of assumptions	(41,769)
Benefit payments*	(4,276)
Net Changes	(11,266)
Beginning balance	565,280
Ending Balance	\$ 554,014

* 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.

The discount rate was increased from 3.31% to 3.71%. There were no other 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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 (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's Total OPEB Liability	\$ 667,502	\$ 554,014	\$ 466,509

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$42,145. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,341
Changes in actuarial assumptions	29,938	34,091
Contributions subsequent to the measurement date	3,154	-
Total	\$ 33,092	\$ 40,432

\$3,154 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, 2020.

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

Year Ended September 30	OPEB Expense Amount
2020	\$ (403)
2021	(403)
2022	(403)
2023	(5,277)
2024	(4,008)
Thereafter	-
Total	\$ (10,494)

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2019

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, 2019, the City recognized grant expenditures of \$68,056.

- 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.
- 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 \$467,714 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, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 9,635,908	\$ 9,635,908	\$ 9,609,374	\$ (26,534)
Sales taxes	2,552,857	2,552,857	2,608,571	55,714
Franchise fees	1,310,000	1,310,000	1,334,949	24,949
Other taxes	515,234	515,234	532,220	16,986
Licenses and permits	741,188	741,188	1,042,997	301,809
Fines and forfeitures	541,750	541,750	615,522	73,772
Charges for services	341,516	398,517	399,301	784
Intergovernmental	25,000	32,721	32,721	-
Investment revenue	25,000	179,727	179,726	(1)
Other revenue	7,000	7,000	9,796	2,796
Total Revenues	<u>15,695,453</u>	<u>15,914,902</u>	<u>16,365,177</u>	<u>450,275</u>
Expenditures				
General government:				
Administrative	2,304,965	2,425,358	2,354,576	70,782
City attorney	286,633	286,633	255,780	30,853
City manager	369,031	369,031	322,929	46,102
Finance	1,242,735	1,269,810	970,405	299,405
Economic development	370,622	370,622	303,908	66,714
Total general government expenditures	<u>4,573,986</u>	<u>4,721,454</u>	<u>4,207,598</u>	<u>513,856</u>
Public safety:				
Police	7,590,143	7,613,987	7,558,460	55,527
Fire	1,019,316	1,839,571	1,781,515	58,056
Total public safety expenditures	<u>8,609,459</u>	<u>9,453,558</u>	<u>9,339,975</u>	<u>113,583</u>
Public services				
Code enforcement	1,084,182	1,202,821	1,132,490	70,331
Culture, parks, and recreation	117,141	117,141	114,151	2,990
Capital outlay	2,073,610	2,391,618	1,964,491	427,127
Debt service:				
Principal	175,000	201,250	60,761	140,489
Interest	36,315	36,315	35,347	968
Interest	10,443	10,443	10,360	83
Total Expenditures	<u>16,680,136</u>	<u>18,134,600</u>	<u>16,865,173</u>	<u>1,269,427</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(984,683)</u>	<u>(2,219,698)</u>	<u>(499,996)</u>	<u>1,719,702</u>
Other Financing Sources (Uses)				
Transfers in	1,562,607	3,398,788	3,384,547	(14,241)
Transfers (out)	(221,962)	(273,450)	(273,450)	-
Proceeds from sale of capital assets	-	1,462,813	887,091	(575,722)
Total Other Financing Sources (Uses)	<u>1,340,645</u>	<u>4,588,151</u>	<u>3,998,188</u>	<u>(589,963)</u>
Net Change in Fund Balance	<u>\$ 355,962</u>	<u>\$ 2,368,453</u>	<u>3,498,192</u>	<u>\$ 1,129,739</u>
Beginning fund balance			<u>8,405,514</u>	
Ending Fund Balance			<u>\$ 11,903,706</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, 2019

	Measurement Year*				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 1,460,829	\$ 1,616,487	\$ 1,738,557	\$ 1,851,461	\$ 1,815,221
Interest (on the total pension liability)	3,560,403	3,719,799	3,776,318	3,959,729	4,146,821
Difference between expected and actual experience	(576,076)	(321,137)	(446,258)	(620,978)	(157,638)
Change of assumptions	-	(1,849)	-	-	-
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)	(2,391,073)	(2,424,659)	(2,376,061)
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>	<u>3,428,343</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>	<u>61,714,803</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>	<u>\$ 65,143,146</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 1,632,538	\$ 1,679,984	\$ 1,720,047	\$ 1,936,060	\$ 1,884,709
Contributions - employee	701,725	692,922	712,941	761,470	748,324
Net investment income	2,400,952	65,412	3,012,957	6,596,839	(1,630,593)
Benefit payments, including refunds of employee contributions	(2,345,100)	(2,146,679)	(2,391,073)	(2,424,659)	(2,376,061)
Administrative expense	(25,065)	(39,842)	(34,025)	(34,188)	(31,512)
Other	(2,061)	(1,967)	(1,833)	(1,733)	(1,646)
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>	<u>(1,406,779)</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>	<u>54,432,087</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>	<u>\$ 53,025,308</u>
Net Pension Liability	<u>\$ 9,075,631</u>	<u>\$ 11,692,422</u>	<u>\$ 11,350,952</u>	<u>\$ 7,282,716</u>	<u>\$ 12,117,838</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.01%	79.22%	80.74%	88.20%	81.40%
Covered Payroll	\$ 9,969,181	\$ 9,898,879	\$ 10,184,868	\$ 10,878,149	\$ 10,690,348
Net Pension Liability as a Percentage of Covered Payroll	91.04%	118.12%	111.45%	66.95%	113.35%

*Only five years of information is currently available. The City will build this schedule over the next five-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, 2019

	Measurement Year*				
	2014	2015	2016	2017	2018
City's proportion of the net pension liability	2.245%	2.045%	2.284%	2.037%	2.175%
City's proportionate share of the net pension liability	\$ 407,953	\$ 545,886	\$ 665,359	\$ 488,923	\$ 470,897
State's proportionate share of the net pension liability	137,856	189,220	230,021	160,103	130,691
Total	<u>\$ 545,809</u>	<u>\$ 735,106</u>	<u>\$ 895,380</u>	<u>\$ 649,026</u>	<u>\$ 601,588</u>
Number of Active Members**	44	50	50	44	45
City's net pension liability per active member	\$ 9,272	\$ 10,918	\$ 13,307	\$ 11,112	\$ 10,464
Plan fiduciary net position as a percentage of the total pension liability	83.5%	76.9%	76.3%	81.4%	84.3%

*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.

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, 2019

	Measurement Year*	
	2017	2018
Total OPEB Liability		
Service cost	\$ 20,668	\$ 23,519
Interest (on the total OPEB liability)	18,568	19,029
Differences between expected and actual experience		(7,769)
Change of assumptions	47,344	(41,769)
Benefit payments	(4,351)	(4,276)
Net Change in Total OPEB Liability	<u>82,229</u>	<u>(11,266)</u>
Beginning total OPEB liability	<u>483,051</u>	<u>565,280</u>
Ending Total OPEB Liability	<u>\$ 565,280</u>	<u>\$ 554,014</u>
Covered Payroll	\$ 10,878,149	\$ 10,690,348
Total OPEB Liability as a Percentage of Covered Payroll	5.20%	5.18%

*Only two years of information is currently available. The City will build this schedule over the next eight-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	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.71%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 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.
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.

Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 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, 2018.

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, 2019

	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 six years of information is currently available. The City will build this schedule over the next four-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	27 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*

<u>2018</u>	<u>2019</u>
\$ 1,872,284	\$ 1,851,134
<u>1,872,284</u>	<u>1,851,134</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 10,592,375</u>	<u>\$ 10,835,370</u>
17.68%	17.08%

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the Year Ended September 30, 2019

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

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

Fiscal Year*	
2018	2019
\$ 104,155	\$ 106,520
<u>104,155</u>	<u>106,520</u>
<u>\$ -</u>	<u>\$ -</u>
47	46
\$ 2,216	\$ 2,316

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2019

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Property taxes	\$ 898,406	\$ 898,406	\$ 846,766	\$ (51,640)
Investment revenue	-	-	464	464
Total Revenues	<u>898,406</u>	<u>898,406</u>	<u>847,230</u>	<u>(51,176)</u>
Expenditures				
Debt service:				
Principal	714,307	714,307	714,307	-
Interest	141,340	141,340	141,331	9
Fiscal agent fee	1,000	1,000	963	37
Total Expenditures	<u>856,647</u>	<u>856,647</u>	<u>856,601</u>	<u>46</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>41,759</u>	<u>41,759</u>	<u>(9,371)</u>	<u>(51,130)</u>
Other Financing Sources (Uses)				
Transfers in	200,000	200,000	251,488	51,488
Total Other Financing Sources	<u>200,000</u>	<u>200,000</u>	<u>251,488</u>	<u>51,488</u>
Net Change in Fund Balance	<u>\$ 241,759</u>	<u>\$ 241,759</u>	242,117	<u>\$ 358</u>
Beginning fund balance			<u>152,313</u>	
Ending Fund Balance			<u>\$ 394,430</u>	

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CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Hotel/Motel Fund

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

Special Investigation Fund

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

Court Building Security Fund

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

Municipal Court Technology Fund

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

Donation Fund

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

Juvenile Case Manager Fund

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

Senior Fund

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

Park Dedication Fund

This fund is designated to receive donations for local parks.

Comcast PEG Fees Fund

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

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, 2019

Special Revenue Funds				
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
Assets				
Cash and equity in pooled cash and investments	\$ 612,273	\$ 86,721	\$ 169,345	\$ 50,004
Receivables, net	55,940	3,275	-	-
Total Assets	\$ 668,213	\$ 89,996	\$ 169,345	\$ 50,004
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ 22,229	\$ 2,175	\$ -	\$ 1,845
Due to other funds	-	-	-	-
Total Liabilities	22,229	2,175	-	1,845
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	-
Enabling legislation	645,984	-	169,345	48,159
Tax increment reinvestment zone	-	-	-	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	87,821	-	-
Total Fund Balances	645,984	87,821	169,345	48,159
Total Liabilities and Fund Balances	\$ 668,213	\$ 89,996	\$ 169,345	\$ 50,004

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>
\$ 107,471	\$ 101,154	\$ 8,966	\$ 331,906	\$ 367,080	\$ 10,061
7,534	-	8	-	12,927	-
<u>\$ 115,005</u>	<u>\$ 101,154</u>	<u>\$ 8,974</u>	<u>\$ 331,906</u>	<u>\$ 380,007</u>	<u>\$ 10,061</u>
\$ 5,828	\$ 915	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>5,828</u>	<u>915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	380,007	-
-	-	-	-	-	10,061
-	-	-	-	-	-
<u>109,177</u>	<u>100,239</u>	<u>8,974</u>	<u>331,906</u>	<u>-</u>	<u>-</u>
<u>109,177</u>	<u>100,239</u>	<u>8,974</u>	<u>331,906</u>	<u>380,007</u>	<u>10,061</u>
<u>\$ 115,005</u>	<u>\$ 101,154</u>	<u>\$ 8,974</u>	<u>\$ 331,906</u>	<u>\$ 380,007</u>	<u>\$ 10,061</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2019

	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	\$ 71,867	\$ 15,505	\$ 744,517	\$ 26,201
Receivables, net	-	-	-	-
Total Assets	\$ 71,867	\$ 15,505	\$ 744,517	\$ 26,201
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	1,800	-
Total Liabilities	-	-	1,800	-
Fund balances:				
Restricted for:				
Perpetual care	-	-	-	-
Sidewalk projects	-	-	-	26,201
Enabling legislation	-	-	-	-
Tax increment reinvestment zone	71,867	15,505	742,717	-
Permanent fund	-	-	-	-
Assigned to:				
Special projects	-	-	-	-
Total Fund Balances	71,867	15,505	742,717	26,201
Total Liabilities and Fund Balances	\$ 71,867	\$ 15,505	\$ 744,517	\$ 26,201

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Cemetery</u>	
\$ 635,481	\$ 3,338,552
2,400	82,084
\$ 637,881	\$ 3,420,636
\$ 16	\$ 33,008
-	1,800
16	34,808
50,000	50,000
-	26,201
-	1,243,495
-	840,150
587,865	587,865
-	638,117
637,865	3,385,828
\$ 637,881	\$ 3,420,636

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, 2019

	Special Revenue Funds			
	Hotel/ Motel	Special Investigation	Court Building Security	Municipal Court Technology
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Franchise fees	326,544	-	-	-
Fines and forfeitures	-	-	12,590	16,787
Charges for services	-	-	-	-
Intergovernmental	-	8,672	-	-
Investment revenue	32,782	1,963	3,231	612
Other revenue	-	34,706	-	-
Total Revenues	359,326	45,341	15,821	17,399
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	75,563	2,179	15,198
Community services	696,653	-	-	-
Culture, parks, and recreation	-	-	-	-
Debt service:				
Principal	5,075	-	-	-
Interest and fiscal charges	1,748	-	-	-
Total Expenditures	703,476	75,563	2,179	15,198
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(344,150)	(30,222)	13,642	2,201
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	(6,374)	-	-	-
Total Other Financing Sources (Uses)	(6,374)	-	-	-
Net Change in Fund Balances	(350,524)	(30,222)	13,642	2,201
Beginning fund balances	996,508	118,043	155,703	45,958
Ending Fund Balances	\$ 645,984	\$ 87,821	\$ 169,345	\$ 48,159

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	51,714	-
-	-	-	-	-	-
-	-	-	-	-	-
50,003	-	-	-	-	-
873	1,127	364	-	4,067	-
-	25,148	7,120	69,300	-	-
<u>50,876</u>	<u>26,275</u>	<u>7,484</u>	<u>69,300</u>	<u>55,781</u>	<u>-</u>
2,575	-	-	-	-	-
38,767	14,217	-	-	-	-
-	-	8,514	-	-	-
16,365	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>57,707</u>	<u>14,217</u>	<u>8,514</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(6,831)</u>	<u>12,058</u>	<u>(1,030)</u>	<u>69,300</u>	<u>55,781</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(6,831)</u>	<u>12,058</u>	<u>(1,030)</u>	<u>69,300</u>	<u>55,781</u>	<u>-</u>
<u>116,008</u>	<u>88,181</u>	<u>10,004</u>	<u>262,606</u>	<u>324,226</u>	<u>10,061</u>
<u>\$ 109,177</u>	<u>\$ 100,239</u>	<u>\$ 8,974</u>	<u>\$ 331,906</u>	<u>\$ 380,007</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, 2019

	<u>Special Revenue Funds</u>			
	<u>TIRZ No. 2</u>	<u>TIRZ No. 3</u>	<u>Kendall Lakes TIRZ Redevelop- ment Authority</u>	<u>Sidewalk</u>
Revenues				
Property taxes	\$ 444,692	\$ 4,857	\$ -	\$ -
Franchise fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	11,848
Intergovernmental	-	-	-	-
Investment revenue	-	-	13,032	-
Other revenue	-	-	-	-
Total Revenues	<u>444,692</u>	<u>4,857</u>	<u>13,032</u>	<u>11,848</u>
Expenditures				
Current:				
General government	-	-	141,017	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks, and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>141,017</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>444,692</u>	<u>4,857</u>	<u>(127,985)</u>	<u>11,848</u>
Other Financing Sources (Uses)				
Transfer in	-	-	422,457	-
Transfers (out)	(422,457)	-	-	-
Total Other Financing Sources (Uses)	<u>(422,457)</u>	<u>-</u>	<u>422,457</u>	<u>-</u>
Net Change in Fund Balances	22,235	4,857	294,472	11,848
Beginning fund balances	49,632	10,648	448,245	14,353
Ending Fund Balances	<u>\$ 71,867</u>	<u>\$ 15,505</u>	<u>\$ 742,717</u>	<u>\$ 26,201</u>

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Cemetery</u>	
\$ -	\$ 449,549
-	378,258
-	29,377
62,050	73,898
-	58,675
13,578	71,629
-	136,274
75,628	1,197,660
-	143,592
-	145,924
19,457	724,624
-	16,365
-	5,075
-	1,748
19,457	1,037,328
56,171	160,332
21,962	444,419
(32,365)	(461,196)
(10,403)	(16,777)
45,768	143,555
592,097	3,242,273
\$ 637,865	\$ 3,385,828

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, 2019

	<u>Hotel/Motel</u>			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
<u>Revenues</u>				
Franchise fees	\$ 330,000	\$ 330,000	\$ 326,544	\$ (3,456)
Investment revenue	36,000	36,000	32,782	(3,218)
Total Revenues	<u>366,000</u>	<u>366,000</u>	<u>359,326</u>	<u>(6,674)</u>
<u>Expenditures</u>				
Current:				
Community services	663,321	1,009,226	696,653	312,573
Debt Service:				
Principal	5,075	5,075	5,075	-
Interest and fiscal charges	1,748	1,748	1,748	-
Total Expenditures	<u>670,144</u>	<u>1,016,049</u>	<u>703,476</u>	<u>312,573</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(304,144)</u>	<u>(650,049)</u>	<u>(344,150)</u>	<u>(319,247)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(6,374)	(6,374)	(6,374)	-
Total Other Financing (Uses)	<u>(6,374)</u>	<u>(6,374)</u>	<u>(6,374)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (310,518)</u>	<u>\$ (656,423)</u>	<u>(350,524)</u>	<u>\$ 305,899</u>
Beginning fund balance			<u>996,508</u>	
Ending Fund Balance			<u>\$ 645,984</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, 2019

Special Investigation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 3,500	\$ 8,175	\$ 8,672	\$ 497
Investment revenue	400	400	1,963	1,563
Other revenue	15,000	15,000	34,706	19,706
Total Revenues	18,900	23,575	45,341	21,766
Expenditures				
Current:				
Public safety	23,000	75,563	75,563	-
Net Change in Fund Balance	\$ (4,100)	\$ (51,988)	(30,222)	\$ 21,766
Beginning fund balance			118,043	
Ending Fund Balance			\$ 87,821	

Court Building Security				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 12,590	\$ 2,590
Investment revenue	500	500	3,231	2,731
Total Revenues	10,500	10,500	15,821	5,321
Expenditures				
Current:				
Public safety	4,850	4,850	2,179	2,671
Total Expenditures	4,850	4,850	2,179	2,671
Net Change in Fund Balance	\$ 5,650	\$ 5,650	13,642	\$ 7,992
Beginning fund balance			155,703	
Ending Fund Balance			\$ 169,345	

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, 2019

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	\$ 16,787	\$ 4,287
Investment revenue	100	100	612	512
Total Revenues	12,600	12,600	17,399	4,799
Expenditures				
Current:				
Public safety	17,087	18,601	15,198	3,403
Total Expenditures	17,087	18,601	15,198	3,403
Net Change in Fund Balance	\$ (4,487)	\$ (6,001)	2,201	\$ 8,202
Beginning fund balance			45,958	
Ending Fund Balance			\$ 48,159	
Donation				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 20,000	\$ 44,969	\$ 50,003	\$ 5,034
Investment revenue	-	873	873	-
Total Revenues	20,000	45,842	50,876	5,034
Expenditures				
Current:				
General government	2,000	2,575	2,575	-
Public safety	-	25,846	38,767	(12,921) *
Culture, parks, and recreation	11,000	14,715	16,365	(1,650) *
Total Expenditures	13,000	43,136	57,707	(14,571)
Net Change in Fund Balance	\$ 7,000	\$ 2,706	(6,831)	\$ (9,537)
Beginning fund balance			116,008	
Ending Fund Balance			\$ 109,177	

* 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, 2019

Juvenile Case Manager				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ 1,127	\$ 1,127	\$ -
Other revenue	23,000	23,000	25,148	2,148
Total Revenues	23,000	24,127	26,275	2,148
Expenditures				
Current:				
Public safety	23,097	23,097	14,217	8,880
Total Expenditures	23,097	23,097	14,217	8,880
Net Change in Fund Balance	\$ (97)	\$ 1,030	12,058	\$ 11,028
Beginning fund balance			88,181	
Ending Fund Balance			\$ 100,239	
Senior				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 50	\$ 50	\$ 364	\$ 314
Other revenue	9,500	9,500	7,120	(2,380)
Total Revenues	9,550	9,550	7,484	(2,066)
Expenditures				
Current:				
Community services	9,500	10,632	8,514	2,118
Total Expenditures	9,500	10,632	8,514	2,118
Net Change in Fund Balance	\$ 50	\$ (1,082)	(1,030)	\$ 52
Beginning fund balance			10,004	
Ending Fund Balance			\$ 8,974	

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, 2019

		Park Dedication			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Other revenue		\$ 40,000	\$ 40,000	\$ 69,300	\$ 29,300
	Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>69,300</u>	<u>29,300</u>
Expenditures					
Current:					
Capital outlay		-	-	-	-
	Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Net Change in Fund Balance	<u>\$ 40,000</u>	<u>\$ 40,000</u>	69,300	<u>\$ 29,300</u>
Beginning fund balance				<u>262,606</u>	
	Ending Fund Balance			<u>\$ 331,906</u>	

		Comcast PEG Fees			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Franchise fees		\$ 50,000	\$ 50,000	\$ 51,714	\$ 1,714
Investment revenue		1,000	1,000	4,067	3,067
	Total Revenues	<u>51,000</u>	<u>51,000</u>	<u>55,781</u>	<u>4,781</u>
Expenditures					
Current:					
Capital outlay		-	-	-	-
	Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Net Change in Fund Balance	<u>\$ 51,000</u>	<u>\$ 51,000</u>	55,781	<u>\$ 4,781</u>
Beginning fund balance				<u>324,226</u>	
	Ending Fund Balance			<u>\$ 380,007</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, 2019

TIRZ No. 2

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 367,730	\$ 367,730	\$ 444,692	\$ 76,962
Total Revenues	367,730	367,730	444,692	76,962
Excess of Revenues Over Expenditures	367,730	367,730	444,692	76,962
Other Financing (Uses)				
Transfers (out)	(349,344)	(349,344)	(422,457)	(73,113) *
Total Other Financing (Uses)	(349,344)	(349,344)	(422,457)	(73,113)
Net Change in Fund Balance	\$ 18,386	\$ 18,386	22,235	\$ 3,849
Beginning fund balance			49,632	
Ending Fund Balance			\$ 71,867	

Kendall Lakes TIRZ Redevelopment Authority

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 200	\$ 200	\$ 13,032	\$ 12,832
Total Revenues	200	200	13,032	12,832
Expenditures				
Current:				
General government	176,341	176,341	141,017	35,324
Total Expenditures	176,341	176,341	141,017	35,324
(Deficiency) of Revenues (Under) Expenditures	(176,141)	(176,141)	(127,985)	48,156
Other Financing Sources				
Transfers in	349,344	349,344	422,457	73,113
Total Other Financing Sources	349,344	349,344	422,457	73,113
Net Change in Fund Balance	\$ 173,203	\$ 173,203	294,472	\$ 121,269
Beginning fund balance			448,245	
Ending Fund Balance			\$ 742,717	

* 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 PERMANENT FUND (Continued)
For the Year Ended September 30, 2019

Cemetery

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ 37,050	\$ 37,050	\$ 62,050	\$ 25,000
Investment revenue	1,200	1,200	13,578	12,378
Total Revenues	38,250	38,250	75,628	37,378
Expenditures				
Current:				
Community services	29,037	29,037	19,457	9,580
Total Expenditures	29,037	29,037	19,457	9,580
Excess of Revenues Over Expenditures	9,213	9,213	56,171	46,958
Other Financing Sources (Uses)				
Transfers in	21,962	21,962	21,962	-
Transfers (out)	(31,833)	(31,833)	(32,365)	(532) *
Total Other Financing (Uses)	(9,871)	(9,871)	(10,403)	(532)
Net Change in Fund Balance	\$ (658)	\$ (658)	45,768	\$ 46,426
Beginning fund balance			592,097	
Ending Fund Balance			\$ 637,865	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2019

Vehicle Maintenance 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, 2019

	<u>Vehicle Maintenance</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	\$ 724,116	\$ 2,761,570	\$ 603,831	\$ 299,795
Accounts receivable	14	-	-	-
Inventory	15,357	-	-	-
Prepaid items	-	-	74,483	-
Total Current Assets	<u>739,487</u>	<u>2,761,570</u>	<u>678,314</u>	<u>299,795</u>
Noncurrent assets:				
Capital assets:				
Buildings	7,754	-	-	-
Equipment	65,372	3,143,320	-	122,153
Less: accumulated depreciation	(44,409)	(2,031,748)	-	(44,276)
Total Capital Assets (Net of Accumulated Depreciation)	<u>28,717</u>	<u>1,111,572</u>	<u>-</u>	<u>77,877</u>
Total Noncurrent Assets	<u>28,717</u>	<u>1,111,572</u>	<u>-</u>	<u>77,877</u>
Total Assets	<u>768,204</u>	<u>3,873,142</u>	<u>678,314</u>	<u>377,672</u>
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	45,906	-	41,103	-
Total Deferred Outflows of Resources	<u>45,906</u>	<u>-</u>	<u>41,103</u>	<u>-</u>
<u>Liabilities and Net Position</u>				
Current liabilities:				
Accounts payable	30,910	1,300	25,201	-
Compensated absences	1,951	-	2,627	-
Total Current Liabilities	<u>32,861</u>	<u>1,300</u>	<u>27,828</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	224	-	1,300	-
Net pension liability	171,404	-	81,973	-
Total Noncurrent Liabilities	<u>171,628</u>	<u>-</u>	<u>83,273</u>	<u>-</u>
Total Liabilities	<u>204,489</u>	<u>1,300</u>	<u>111,101</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	7,985	-	2,561	-
Total Deferred Inflows of Resources	<u>7,985</u>	<u>-</u>	<u>2,561</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	28,717	1,111,572	-	77,877
Unrestricted	572,919	2,760,270	605,755	299,795
Total Net Position	<u>\$ 601,636</u>	<u>\$ 3,871,842</u>	<u>\$ 605,755</u>	<u>\$ 377,672</u>

**Total
Internal
Service Funds**

\$ 4,389,312
14
15,357
74,483
4,479,166

7,754
3,330,845
(2,120,433)

1,218,166
1,218,166
5,697,332

87,009
87,009

57,411
4,578
61,989

1,524
253,377
254,901
316,890

10,546
10,546

1,218,166
4,238,739

\$ 5,456,905

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 700,255	\$ 620,394	\$ 495,636	\$ 32,109
Other revenues	26,577	46,584	-	-
Total Operating Revenues	<u>726,832</u>	<u>666,978</u>	<u>495,636</u>	<u>32,109</u>
<u>Operating Expenses</u>				
Personnel services	132,762	-	-	-
Supplies	457,375	178,585	435,978	12,090
Depreciation	4,246	204,266	-	19,283
Total Operating Expenses	<u>594,383</u>	<u>382,851</u>	<u>435,978</u>	<u>31,373</u>
Operating Income	<u>132,449</u>	<u>284,127</u>	<u>59,658</u>	<u>736</u>
<u>Nonoperating Revenues (Expenses)</u>				
(Loss) on disposal of capital assets	-	(20,560)	-	-
Investment revenues	3,668	38,378	-	-
Total Nonoperating Revenues (Expenses)	<u>3,668</u>	<u>17,818</u>	<u>-</u>	<u>-</u>
Change in Net Position	136,117	301,945	59,658	736
Beginning net position	<u>465,519</u>	<u>3,569,897</u>	<u>546,097</u>	<u>376,936</u>
Ending Net Position	<u>\$ 601,636</u>	<u>\$ 3,871,842</u>	<u>\$ 605,755</u>	<u>\$ 377,672</u>

**Total
Internal
Service Funds**

\$ 1,848,394
73,161
1,921,555

132,762
1,084,028
227,795
1,444,585

476,970

(20,560)
42,046
21,486

498,456
4,958,449

\$ 5,456,905

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2019

	<u>Vehicle Maintenance</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	\$ 749,425	\$ 666,978	\$ 423,553	\$ 32,109
Payments to suppliers	(470,159)	(222,422)	(419,308)	(12,090)
Payments to employees	(124,926)	-	(6,070)	-
Net Cash Provided (Used) by Operating Activities	<u>154,340</u>	<u>444,556</u>	<u>(1,825)</u>	<u>20,019</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	(52,204)	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(52,204)</u>	<u>-</u>	<u>-</u>
<u>Cash Flows from Investing Activities</u>				
Interest on investments	3,668	38,378	-	-
Net Cash Provided by Investing Activities	<u>3,668</u>	<u>38,378</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	158,008	430,730	(1,825)	20,019
Beginning cash and equity in pooled cash and investments	566,108	2,330,840	605,656	279,776
Ending Cash and Equity in Pooled Cash and Investments	<u>\$ 724,116</u>	<u>\$ 2,761,570</u>	<u>\$ 603,831</u>	<u>\$ 299,795</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 132,449	\$ 284,127	\$ 59,658	\$ 736
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,246	204,266	-	19,283
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(14)	-	-	-
Deferred outflows of resources	(27,679)	-	(28,495)	-
Inventories	22,607	-	-	-
Prepays	-	-	(72,083)	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	(12,784)	(43,837)	16,670	-
Net pension liability	51,228	-	47,665	-
Deferred inflows of resources	(15,650)	-	(16,170)	-
Compensated absences	(63)	-	(9,070)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 154,340</u>	<u>\$ 444,556</u>	<u>\$ (1,825)</u>	<u>\$ 20,019</u>

**Total
Internal
Service Funds**

\$ 1,872,065
(1,123,979)
(130,996)

617,090

(52,204)

(52,204)

42,046
42,046

606,932

3,782,380

\$ 4,389,312

\$ 476,970

227,795

(14)
(56,174)
22,607
(72,083)

(39,951)
98,893
(31,820)
(9,133)

\$ 617,090

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***OTHER
STATEMENTS***

CITY OF ALVIN, TEXAS
CONSOLIDATED BALANCE SHEET
GENERAL FUND - SUB-FUNDS
September 30, 2019

	<u>General</u>	<u>Fire Capital</u>	<u>Tree Preservation</u>	<u>Disaster</u>
<u>Assets</u>				
Cash and equity in pooled cash and investments	\$ 8,191,479	\$ 225,438	\$ 31,962	\$ -
Receivables, net	1,257,871	-	-	-
Due from other funds	1,800	-	-	-
Prepaid items	62,092	-	-	-
Total Assets	\$ 9,513,242	\$ 225,438	\$ 31,962	\$ -
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 723,727	\$ -	\$ -	\$ -
Other payables	87,287	-	-	-
Total Liabilities	811,014	-	-	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	372,470	-	-	-
Total Deferred Inflows of Resources	372,470	-	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepaid items	62,092	-	-	-
Assigned to:				
Special projects	-	-	-	-
Compensated absences	648,566	-	-	-
Unassigned	7,619,100	225,438	31,962	-
Total Fund Balances	8,329,758	225,438	31,962	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,513,242	\$ 225,438	\$ 31,962	\$ -

General Revenue	General Projects	Total General Fund
\$ 943,807	\$ 2,516,638	\$ 11,909,324
-	-	1,257,871
-	-	1,800
-	-	62,092
<u>\$ 943,807</u>	<u>\$ 2,516,638</u>	<u>\$ 13,231,087</u>
\$ -	\$ 143,897	\$ 867,624
-	-	87,287
-	143,897	954,911
-	-	372,470
-	-	372,470
-	-	62,092
943,807	2,372,741	3,316,548
-	-	648,566
-	-	7,876,500
<u>943,807</u>	<u>2,372,741</u>	<u>11,903,706</u>
<u>\$ 943,807</u>	<u>\$ 2,516,638</u>	<u>\$ 13,231,087</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, 2019

	<u>General</u>	<u>Fire Capital</u>	<u>Tree Preservation</u>	<u>Disaster</u>
Revenues				
Property taxes	\$ 9,609,374	\$ -	\$ -	\$ -
Sales taxes	2,608,571	-	-	-
Franchise fees	1,334,949	-	-	-
Other taxes	532,220	-	-	-
Licenses and permits	1,042,997	-	-	-
Fines and forfeitures	615,522	-	-	-
Charges for services	310,847	75,800	12,654	-
Intergovernmental	32,721	-	-	-
Investment revenue	179,726	-	-	-
Other revenue	9,796	-	-	-
Total Revenues	<u>16,276,723</u>	<u>75,800</u>	<u>12,654</u>	<u>-</u>
Expenditures				
Current:				
General government	4,087,221	-	-	-
Public safety	8,477,160	-	-	-
Public services	1,013,851	-	-	118,639
Community services	114,151	-	-	-
Culture, parks, and recreation	1,666,420	-	2,992	-
Capital outlay	-	-	-	-
Debt service				
Principal	7,906	27,441	-	-
Interest	43	10,317	-	-
Total Expenditures	<u>15,366,752</u>	<u>37,758</u>	<u>2,992</u>	<u>118,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>909,971</u>	<u>38,042</u>	<u>9,662</u>	<u>(118,639)</u>
Other Financing Sources (Uses)				
Transfers in	72,531	-	-	118,639
Transfers out	(273,450)	-	-	-
Proceeds from sale of capital assets	519,006	-	-	-
Total Other Financing Sources	<u>318,087</u>	<u>-</u>	<u>-</u>	<u>118,639</u>
Net Change in Fund Balances	1,228,058	38,042	9,662	-
Beginning fund balances	7,101,700	187,396	22,300	-
Ending Fund Balances	<u>\$ 8,329,758</u>	<u>\$ 225,438</u>	<u>\$ 31,962</u>	<u>\$ -</u>

<u>General Revenue</u>	<u>General Projects</u>	<u>Total General Fund</u>
\$ -	\$ -	\$ 9,609,374
-	-	2,608,571
-	-	1,334,949
-	-	532,220
-	-	1,042,997
-	-	615,522
-	-	399,301
-	-	32,721
-	-	179,726
-	-	9,796
<u>-</u>	<u>-</u>	<u>16,365,177</u>
-	120,377	4,207,598
-	862,815	9,339,975
-	-	1,132,490
-	-	114,151
-	295,079	1,964,491
-	60,761	60,761
-	-	35,347
-	-	10,360
<u>-</u>	<u>1,339,032</u>	<u>16,865,173</u>
<u>-</u>	<u>(1,339,032)</u>	<u>(499,996)</u>
575,722	2,617,655	3,384,547
-	-	(273,450)
<u>368,085</u>	<u>-</u>	<u>887,091</u>
<u>943,807</u>	<u>2,617,655</u>	<u>3,998,188</u>
943,807	1,278,623	3,498,192
-	1,094,118	8,405,514
<u>\$ 943,807</u>	<u>\$ 2,372,741</u>	<u>\$ 11,903,706</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS (Page 1 of 2)
September 30, 2019

	<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	\$ 2,244,193	\$ -	\$ 6,988,250	\$ 952,247
Investments	-	-	499,487	-
Accounts receivable (net of allowance for uncollectibles)	-	-	1,587,591	-
Inventory	-	-	27,705	-
Restricted cash, cash equivalents, and investments:				
Construction	-	2,430,008	-	-
Customer deposits	-	-	1,215,955	-
Total Current Assets	<u>2,244,193</u>	<u>2,430,008</u>	<u>10,318,988</u>	<u>952,247</u>
Capital assets:				
Land	-	-	937,829	-
Buildings	-	-	5,523,533	-
Improvements	-	1,783,726	2,950,543	-
Infrastructure	-	-	50,963,279	-
Equipment	-	-	2,505,741	466,129
Construction in progress	-	-	208,528	-
Less allowance for depreciation	-	-	(37,890,604)	-
Total Capital Assets (Net)	<u>-</u>	<u>1,783,726</u>	<u>25,198,849</u>	<u>466,129</u>
Total Noncurrent Assets	<u>-</u>	<u>1,783,726</u>	<u>25,198,849</u>	<u>466,129</u>
Total Assets	<u>2,244,193</u>	<u>4,213,734</u>	<u>35,517,837</u>	<u>1,418,376</u>
Deferred Outflows of Resources				
Deferred outflows - pensions	-	-	473,560	-
Deferred outflows - OPEB	-	-	3,335	-
Deferred loss on refunding	-	-	1,177,837	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>1,654,732</u>	<u>-</u>

2015 Certificates of Obligation	2018 Utility Bond	2019 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ 10,184,690
-	-	-	499,487
-	-	-	1,587,591
-	-	-	27,705
2,685,405	5,830,885	16,313,854	27,260,152
-	-	-	1,215,955
<u>2,685,405</u>	<u>5,830,885</u>	<u>16,313,854</u>	<u>40,775,580</u>
-	-	-	937,829
-	-	-	5,523,533
-	-	-	4,734,269
-	-	-	50,963,279
85,000	-	-	3,056,870
5,334,156	4,232,464	73,098	9,848,246
-	-	-	(37,890,604)
<u>5,419,156</u>	<u>4,232,464</u>	<u>73,098</u>	<u>37,173,422</u>
<u>5,419,156</u>	<u>4,232,464</u>	<u>73,098</u>	<u>37,173,422</u>
<u>8,104,561</u>	<u>10,063,349</u>	<u>16,386,952</u>	<u>77,949,002</u>
-	-	-	473,560
-	-	-	3,335
-	-	-	<u>1,177,837</u>
-	-	-	<u>1,654,732</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS (Page 2 of 2)
September 30, 2019

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>Utility Projects</u>
<u>Liabilities and Net Position</u>				
Current Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 332,579	\$ -
Accrued interest payable	29,242	-	410,696	-
Bonds payable - current	-	-	2,220,140	-
Compensated absences	-	-	55,869	-
Current Liabilities Payable From Restricted Assets				
Customer deposits	-	-	1,215,955	-
Total Current Liabilities	<u>29,242</u>	<u>-</u>	<u>4,235,239</u>	<u>-</u>
Noncurrent liabilities				
Bonds payable, net of deferred charges	-	-	24,820,669	-
Compensated absences	-	-	1,838	-
Net pension liability	-	-	1,381,990	-
Total OPEB liability	-	-	56,229	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>26,260,726</u>	<u>-</u>
Total Liabilities	<u>29,242</u>	<u>-</u>	<u>30,495,965</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred inflows - pensions	-	-	50,439	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>54,737</u>	<u>-</u>
Net Position				
Net investment in capital assets	-	1,783,726	22,517,092	466,129
Unrestricted net position	2,214,951	2,430,008	(15,895,225)	952,247
Total Net Position	<u>\$ 2,214,951</u>	<u>\$ 4,213,734</u>	<u>\$ 6,621,867</u>	<u>\$ 1,418,376</u>

<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>	<u>2019 Utility Bond</u>	<u>Total Water and Sewer Fund</u>
\$ 269,878	\$ 540,953	\$ 73,098	\$ 1,216,508
-	-	-	439,938
-	-	765,000	2,985,140
-	-	-	55,869
-	-	-	1,215,955
<u>269,878</u>	<u>540,953</u>	<u>838,098</u>	<u>5,913,410</u>
-	-	15,823,734	40,644,403
-	-	-	1,838
-	-	-	1,381,990
-	-	-	56,229
-	-	15,823,734	42,084,460
<u>269,878</u>	<u>540,953</u>	<u>16,661,832</u>	<u>47,997,870</u>
-	-	-	50,439
-	-	-	54,737
5,419,156	4,232,464	(16,515,636)	17,902,931
<u>2,415,527</u>	<u>5,289,932</u>	<u>16,240,756</u>	<u>13,648,196</u>
<u>\$ 7,834,683</u>	<u>\$ 9,522,396</u>	<u>\$ (274,880)</u>	<u>\$ 31,551,127</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, 2019

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>Utility Projects</u>
<u>Operating Revenues</u>				
Water services	\$ -	\$ -	\$ 4,476,648	\$ -
Sewer services	-	-	5,251,286	-
Other revenues	-	795,778	30,189	-
Total Operating Revenues	-	795,778	9,758,123	-
<u>Operating Expenses</u>				
Water services	-	-	1,406,373	-
Sewer services	-	-	2,498,113	116,561
Depreciation	-	-	1,700,295	-
Total Operating Expenses	-	-	5,604,781	116,561
Operating Income (Loss)	-	795,778	4,153,342	(116,561)
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	-	-	27,420	-
Gain on sale of capital assets	-	-	-	-
Investment revenues	-	27,661	144,781	-
Interest and fiscal agent fees	(833,178)	-	(223,603)	-
Total Nonoperating Revenues (Expenses)	(833,178)	27,661	(51,402)	-
Income (Loss) Before Transfers and Contributions	(833,178)	823,439	4,101,940	(116,561)
<u>Transfers and Contributions</u>				
Capital contributions	-	-	1,148,093	-
Transfers in	2,652,982	-	72,168	300,000
Transfers (out)	-	-	(3,721,156)	-
Total Transfers and Contributions	2,652,982	-	(2,500,895)	300,000
Change in Net Position	1,819,804	823,439	1,601,045	183,439
Beginning net position	395,147	3,390,295	5,020,822	1,234,937
Ending Net Position	\$ 2,214,951	\$ 4,213,734	\$ 6,621,867	\$ 1,418,376

2015 Certificates of Obligation	2018 Utility Bond	2019 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ 4,476,648
-	-	-	5,251,286
-	-	-	825,967
-	-	-	10,553,901
-	-	-	1,406,373
-	-	-	2,614,674
-	-	-	1,700,295
-	-	-	5,721,342
-	-	-	4,832,559
-	-	-	27,420
-	-	-	-
165,846	195,290	111,562	645,140
-	-	(386,442)	(1,443,223)
165,846	195,290	(274,880)	(770,663)
165,846	195,290	(274,880)	4,061,896
-	-	-	1,148,093
-	-	-	3,025,150
-	-	-	(3,721,156)
-	-	-	452,087
165,846	195,290	(274,880)	4,513,983
7,668,837	9,327,106	-	27,037,144
<u>\$ 7,834,683</u>	<u>\$ 9,522,396</u>	<u>\$ (274,880)</u>	<u>\$ 31,551,127</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, 2019

	Utility Debt Obligation	Impact Fees	Utility	Utility Projects
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ -	\$ 795,778	\$ 9,258,913	\$ -
Payments to suppliers	-	(2,995)	(1,541,431)	(164,861)
Payments to employees	-	-	(1,909,953)	-
Net Cash Provided (Used) by Operating Activities	-	792,783	5,807,529	(164,861)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	2,652,982	-	72,168	300,000
Transfer to other funds	-	-	(3,721,156)	-
Subsidy from federal grant	-	-	27,420	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,652,982	-	(3,621,568)	300,000
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	-	-	(81,934)	(360,016)
Proceeds from issuance of bonds	-	-	-	-
Interest and fiscal agent fees paid	(833,178)	-	(271,599)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(833,178)	-	(2,500,337)	(360,016)
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	-	-	245,510	-
Purchase of investments	-	-	(248,000)	-
Interest on investments	-	27,661	144,783	-
Net Cash Provided by Investing Activities	-	27,661	142,293	-
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	1,819,804	820,444	(172,083)	(224,877)
Beginning cash and equity in pooled cash and investments	424,389	1,609,564	8,376,288	1,177,124
Ending Cash and Equity in Pooled Cash and Investments	\$ 2,244,193	\$ 2,430,008	\$ 8,204,205	\$ 952,247
Ending Cash and Equity in Pooled Cash and Investments:				
Unrestricted cash and equity in pooled cash and investments	\$ 2,244,193	\$ -	\$ 6,988,250	\$ 952,247
Restricted cash and equity in pooled cash and investments	-	2,430,008	1,215,955	-
	\$ 2,244,193	\$ 2,430,008	\$ 8,204,205	\$ 952,247

2015 Certificates of Obligation	2018 Utility Bond	2019 Utility Bond	Total Water and Sewer Fund
\$ -	\$ -	\$ -	\$ 10,054,691
(403,712)	305,739	73,098	(1,734,162)
-	-	-	(1,909,953)
<u>(403,712)</u>	<u>305,739</u>	<u>73,098</u>	<u>6,410,576</u>
-	-	-	3,025,150
-	-	-	(3,721,156)
-	-	-	27,420
<u>-</u>	<u>-</u>	<u>-</u>	<u>(668,586)</u>
(3,614,319)	(3,211,620)	(73,098)	(7,340,987)
-	-	16,211,792	16,211,792
-	-	(9,500)	(1,114,277)
<u>(3,614,319)</u>	<u>(3,211,620)</u>	<u>16,129,194</u>	<u>5,609,724</u>
-	-	-	245,510
-	-	-	(248,000)
<u>165,844</u>	<u>195,290</u>	<u>111,562</u>	<u>645,140</u>
<u>165,844</u>	<u>195,290</u>	<u>111,562</u>	<u>642,650</u>
(3,852,187)	(2,710,591)	16,313,854	11,994,364
<u>6,537,592</u>	<u>8,541,476</u>	<u>-</u>	<u>26,666,433</u>
<u>\$ 2,685,405</u>	<u>\$ 5,830,885</u>	<u>\$ 16,313,854</u>	<u>\$ 38,660,797</u>
\$ -	\$ -	\$ -	\$ 10,184,690
<u>2,685,405</u>	<u>5,830,885</u>	<u>16,313,854</u>	<u>28,476,107</u>
<u>\$ 2,685,405</u>	<u>\$ 5,830,885</u>	<u>\$ 16,313,854</u>	<u>\$ 38,660,797</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, 2019

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility</u>	<u>Utility Projects</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ -	\$ 795,778	\$ 4,153,342	\$ (116,561)
Adjustments to reconcile operating income (loss) to net cash provided (Used) by operating activities:				
Depreciation	-	-	1,700,295	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	-	-	(499,385)	-
Deferred outflows of resources	-	-	(248,846)	-
Prepays	-	-	720	-
Inventories	-	-	7,215	-
Increase (Decrease) in Current Liabilities:				
Accounts payable	-	(2,995)	138,862	(48,300)
Accrued interest payable	-	-	186,425	-
Deferred inflows of resources	-	-	(139,498)	-
Compensated absences	-	-	(4,370)	-
Customer deposits	-	-	175	-
Net pension liability	-	-	513,791	-
Total OPEB liability	-	-	(1,197)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ -</u>	<u>\$ 792,783</u>	<u>\$ 5,807,529</u>	<u>\$ (164,861)</u>

<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>	<u>2019 Utility Bond</u>	<u>Total Water and Sewer Fund</u>
\$ -	\$ -	\$ -	\$ 4,832,559
-	-	-	1,700,295
-	-	-	(499,385)
-	-	-	(248,846)
-	-	-	720
-	-	-	7,215
(403,712)	305,739	73,098	62,692
-	-	-	186,425
-	-	-	(139,498)
-	-	-	(4,370)
-	-	-	175
-	-	-	513,791
-	-	-	(1,197)
<u>\$ (403,712)</u>	<u>\$ 305,739</u>	<u>\$ 73,098</u>	<u>\$ 6,410,576</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	144
<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	156
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	164
<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	174
<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	177
<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			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ 23,231,068	\$ 23,710,635	\$ 24,498,035	\$ 25,768,481
Restricted	9,006,259	9,614,913	9,400,498	9,229,378
Unrestricted	5,151,195	3,785,438	4,114,881	3,613,304
Total Governmental Activities Net Position	\$ 37,388,522	\$ 37,110,986	\$ 38,013,414	\$ 38,611,163
Business-Type Activities				
Net investment in capital assets	\$ 9,898,132	\$ 12,506,488	\$ 12,637,625	\$ 13,035,321
Restricted	698,662	706,487	677,203	423,744
Unrestricted	7,639,207	6,364,658	7,553,375	9,815,794
Total Business-Type Activities Net Position	\$ 18,236,001	\$ 19,577,633	\$ 20,868,203	\$ 23,274,859
Primary Government				
Net investment in capital assets	\$ 33,129,200	\$ 36,217,123	\$ 37,135,660	\$ 38,803,802
Restricted	9,704,921	10,321,400	10,077,701	9,653,122
Unrestricted	12,790,402	10,150,096	11,668,256	13,429,098
Total Primary Government Net Position	\$ 55,624,523	\$ 56,688,619	\$ 58,881,617	\$ 61,886,022

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 27,186,272	\$ 27,992,273	\$ 29,288,263	\$ 30,704,120	\$ 31,660,047	\$ 34,920,134
7,224,941	8,024,520	8,481,991	8,596,595	9,237,862	9,624,675
672,503	1,940,356	2,835,216	2,735,937	5,409,169	9,118,917
<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>	<u>\$ 53,663,726</u>
\$ 13,841,547	\$ 16,159,516	\$ 14,905,721	\$ 17,688,740	\$ 20,418,893	\$ 18,635,882
-	-	-	-	-	-
10,073,092	11,827,277	12,814,287	12,632,348	11,710,207	17,170,202
<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>	<u>\$ 35,806,084</u>
\$ 41,027,819	\$ 44,151,789	\$ 44,193,984	\$ 48,392,860	\$ 52,078,940	\$ 53,556,016
7,224,941	8,024,520	8,481,991	8,596,595	9,237,862	9,624,675
10,745,595	13,767,633	15,649,503	15,368,285	17,119,376	26,289,119
<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>	<u>\$ 89,469,810</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
Expenses				
Governmental Activities				
General government	\$ 3,398,391	\$ 3,493,056	\$ 3,856,490	\$ 3,568,941
Public safety	6,612,487	6,818,758	7,183,101	7,605,752
Public services	1,762,534	1,354,999	1,558,656	1,602,661
Community services	2,739,494	2,789,836	2,237,711	2,937,559
Culture, parks, and recreation	1,550,634	1,300,499	1,345,650	1,526,973
Interest on long-term debt	246,444	953,431	307,110	357,208
Total Governmental Activities Expenses	<u>16,309,984</u>	<u>16,710,579</u>	<u>16,488,718</u>	<u>17,599,094</u>
Business-Type Activities				
Water and sewer	5,684,004	5,275,355	5,149,638	5,409,975
Sanitation	1,841,385	1,951,774	2,044,570	2,121,232
Emergency medical services	1,310,354	1,705,571	1,761,534	1,883,560
Conference center	53,520	99,129	-	-
Total Business-Type Activities Expenses	<u>8,889,263</u>	<u>9,031,829</u>	<u>8,955,742</u>	<u>9,414,767</u>
Total Primary Government Expenses	<u>\$ 25,199,247</u>	<u>\$ 25,742,408</u>	<u>\$ 25,444,460</u>	<u>\$ 27,013,861</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 236,236	\$ 184,829	\$ 256,623	\$ 280,518
Public safety	1,157,482	1,098,168	1,064,705	1,115,717
Operating grants and contributions	305,758	89,468	261,048	482,603
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,699,476</u>	<u>1,372,465</u>	<u>1,582,376</u>	<u>1,878,838</u>
Business-Type Activities				
Charges for services				
Water and sewer	6,299,393	6,767,843	6,529,061	6,996,639
Sanitation	2,290,014	2,162,461	2,305,500	2,481,820
Emergency medical services	1,292,152	1,630,354	1,671,346	2,607,911
Operating grants and contributions	409,277	195,895	231,858	254,710
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>10,290,836</u>	<u>10,756,553</u>	<u>10,737,765</u>	<u>12,341,080</u>
Total Primary Government Program Revenues	<u>\$ 11,990,312</u>	<u>\$ 12,129,018</u>	<u>\$ 12,320,141</u>	<u>\$ 14,219,918</u>
Net Revenue/(Expense)				
Governmental activities	\$ (14,610,508)	\$ (15,338,114)	\$ (14,906,342)	\$ (15,720,256)
Business-type activities	1,401,573	1,724,724	1,782,023	2,926,313
Total Primary Government Net (Expense)	<u>\$ (13,208,935)</u>	<u>\$ (13,613,390)</u>	<u>\$ (13,124,319)</u>	<u>\$ (12,793,943)</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,302,665	\$ 4,631,429	\$ 4,203,196	\$ 4,450,488	\$ 4,517,071	\$ 4,438,343
7,371,478	7,851,334	8,358,096	9,096,696	8,634,931	9,185,813
1,357,311	1,787,338	2,052,720	2,074,464	2,356,952	1,942,875
3,109,731	2,648,239	2,600,013	2,860,277	2,747,378	2,512,907
1,554,800	1,678,632	1,930,324	2,043,543	1,987,194	2,089,747
317,321	275,210	244,938	227,696	175,913	569,961
<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>	<u>20,739,646</u>
5,386,508	6,939,946	7,705,970	6,207,201	6,540,982	7,164,565
2,150,276	2,254,148	2,298,255	2,316,125	2,347,415	2,484,910
1,656,281	1,825,973	1,957,281	2,233,013	2,170,736	2,205,977
-	-	-	-	-	-
<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>11,855,452</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>	<u>\$ 32,595,098</u>
\$ 234,378	\$ 345,672	\$ 410,434	\$ 394,032	\$ 463,830	\$ 473,199
1,281,187	1,458,175	1,261,982	1,435,593	1,729,730	1,687,896
125,138	247,358	126,345	125,844	118,044	125,105
1,785,962	2,056,883	154,161	36,179	66,850	2,000,848
<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>	<u>4,287,048</u>
7,112,516	7,600,692	7,643,861	7,982,239	8,458,463	10,553,901
2,548,700	2,694,269	2,781,959	2,816,845	2,566,662	2,657,125
1,349,485	1,831,754	1,755,851	1,922,169	1,750,089	1,571,819
230,308	294,123	370,640	341,550	379,079	423,630
-	2,373,890	-	1,448,210	484,131	1,190,795
<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>16,397,270</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>	<u>\$ 20,684,318</u>
\$ (14,586,641)	\$ (14,764,094)	\$ (17,436,365)	\$ (18,761,516)	\$ (18,040,985)	\$ (16,452,598)
2,047,944	3,774,661	590,805	3,754,674	2,579,291	4,541,818
<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>	<u>\$ (11,910,780)</u>

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

	Fiscal Year			
	2010	2011	2012	2013
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857
Sales and use taxes	5,164,667	5,460,695	5,720,505	6,039,358
Franchise fees	1,601,341	1,550,016	1,607,488	1,608,142
Other taxes	221,885	196,510	191,970	219,973
Investment revenue	36,080	45,388	31,176	34,018
Gain on sale of capital assets	-	-	-	-
Other revenues	233,080	43,166	204,763	174,102
Transfers	543,456	394,906	501,190	538,555
Total Governmental Activities	<u>15,329,665</u>	<u>15,002,348</u>	<u>15,981,128</u>	<u>16,318,005</u>
Business-Type Activities				
Investment earnings	13,571	11,311	13,322	15,904
Other revenues	5,316	503	2,726	2,994
Transfers	(543,456)	(394,906)	(501,190)	(538,555)
Total Business-Type Activities	<u>(524,569)</u>	<u>(383,092)</u>	<u>(485,142)</u>	<u>(519,657)</u>
Total Primary Government	<u>\$ 14,805,096</u>	<u>\$ 14,619,256</u>	<u>\$ 15,495,986</u>	<u>\$ 15,798,348</u>
Change in Net Position				
Governmental activities	\$ 719,157	\$ (335,766)	\$ 1,074,786	\$ 597,749
Business-type activities	877,004	1,341,632	1,296,881	2,406,656
Total Primary Government	<u>\$ 1,596,161</u>	<u>\$ 1,005,866</u>	<u>\$ 2,371,667</u>	<u>\$ 3,004,405</u>

Fiscal Year

2014	2015	2016	2017	2018	2019
\$ 8,187,335	\$ 8,480,190	\$ 9,274,853	\$ 9,788,862	\$ 10,443,831	\$ 10,939,630
6,188,081	6,457,416	6,600,913	6,963,319	7,763,196	7,824,154
1,701,814	1,783,552	1,775,920	1,756,078	1,810,062	1,713,207
667,914	986,245	728,939	414,177	495,694	532,220
41,979	30,686	68,237	142,666	370,313	485,836
-	-	-	-	-	528,873
20,650	160,734	140,375	261,341	266,574	126,137
(10,030)	(261,296)	930,423	1,252,870	1,161,741	1,659,189
<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>	<u>23,809,246</u>
15,163	23,756	72,833	173,524	390,462	691,921
15,000	12,441	-	19,056	-	102,434
10,030	261,296	(930,423)	(1,252,870)	(1,161,741)	(1,659,189)
<u>40,193</u>	<u>297,493</u>	<u>(857,590)</u>	<u>(1,060,290)</u>	<u>(771,279)</u>	<u>(864,834)</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>	<u>\$ 22,944,412</u>
\$ 2,211,102	\$ 2,873,433	\$ 2,083,295	\$ 1,817,797	\$ 4,270,426	\$ 7,356,648
2,088,137	4,072,154	(266,785)	2,694,384	1,808,012	3,676,984
<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>	<u>\$ 11,033,632</u>

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

Source	Fiscal Year			
	2010	2011	2012	2013
Property	\$ 7,529,156	\$ 7,311,667	\$ 7,724,036	\$ 7,703,857
Sales and use	5,164,667	5,460,695	5,720,505	6,039,358
Franchise fees	1,601,341	1,550,016	1,607,488	1,608,142
Other taxes	221,885	196,510	191,970	219,973
	<u>\$ 14,517,049</u>	<u>\$ 14,518,888</u>	<u>\$ 15,243,999</u>	<u>\$ 15,571,330</u>

Fiscal Year						Change
2014	2015	2016	2017	2018	2019	2018-2019
\$ 8,187,335	\$ 8,480,190	\$ 9,274,853	\$ 9,788,862	\$ 10,443,831	\$ 10,939,630	5.1%
6,188,081	6,457,416	6,600,913	6,963,319	7,763,196	7,824,154	0.9%
1,701,814	1,783,552	1,775,920	1,756,078	1,810,062	1,713,207	-5.5%
667,914	986,245	728,939	414,177	495,694	532,220	8.8%
<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>	<u>\$ 21,009,211</u>	2.6%

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 10,809	\$ 15,245	\$ 39,347	\$ 21,523
Restricted	-	2,646	-	-
Assigned	2,393,358	1,318,358	911,311	693,859
Unassigned	3,105,318	4,355,741	4,658,915	4,816,116
Total General Fund	\$ 5,509,485	\$ 5,691,990	\$ 5,609,573	\$ 5,531,498
All Other Governmental Funds				
Nonspendable	\$ 200	\$ 5,777	\$ -	\$ -
Restricted	7,936,885	10,260,756	9,400,498	9,229,378
Assigned	418,602	719,805	714,349	667,680
Total All Other Governmental Funds	\$ 8,355,687	\$ 10,986,338	\$ 10,114,847	\$ 9,897,058

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 16,823	\$ 47,391	\$ 22,903	\$ 50,637	\$ 19,137	\$ 62,092
-	-	-	-	-	-
527,330	723,039	731,341	1,236,382	1,721,986	3,965,114
4,938,106	5,272,494	5,855,255	5,663,727	6,664,391	7,876,500
<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>	<u>\$ 11,903,706</u>
\$ 250	\$ -	\$ -	\$ -	\$ 625	\$ -
7,224,941	8,024,520	8,483,597	8,601,070	9,252,215	24,546,659
609,208	616,768	284,256	458,160	594,842	638,117
<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>	<u>\$ 25,184,776</u>

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 14,343,382	\$ 14,501,052	\$ 15,250,115	\$ 15,688,295
Permits, licenses, and fees	937,525	650,219	632,240	692,937
Fines and forfeitures	456,193	447,949	432,465	422,780
Intergovernmental	305,758	89,468	257,797	482,603
Investment earnings	20,367	34,745	29,331	32,070
Other revenues	233,080	227,995	421,106	428,861
Total Revenues	16,296,305	15,951,428	17,023,054	17,747,546
Expenditures				
General government	3,239,705	3,310,855	3,657,108	3,614,875
Public safety	6,145,941	6,190,062	6,649,457	7,173,699
Public services	715,606	589,836	957,761	764,420
Community services	2,591,826	2,595,532	2,202,737	2,871,927
Culture, parks, and recreation	1,079,481	984,023	1,201,941	1,308,817
Library	49,515	-	-	-
Capital outlay	1,005,809	2,677,414	2,185,599	3,299,578
Debt service:				
Principal	978,025	1,308,502	1,159,881	1,205,572
Interest and fees	411,836	558,483	472,802	351,120
Total Expenditures	16,217,744	18,214,707	18,487,286	20,590,008
Excess (Deficiency) of				
Revenues Over (Under) Expenditures	78,561	(2,263,279)	(1,464,232)	(2,842,462)
Other Financing Sources (Uses)				
Transfers in	1,174,886	999,485	1,064,794	1,574,897
Transfers out	(631,430)	(604,579)	(563,604)	(713,299)
Refunding bonds issued	-	4,321,938	1,597,055	-
Bonds issued	304,641	4,468,507	-	1,235,000
Premium on bonds issued	-	249,910	5,112	-
Discount on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	(4,417,056)	(1,593,033)	-
Capital leases	-	-	-	450,000
Proceeds from sales of capital assets	-	-	-	-
Total Other Financing Sources	848,097	5,018,205	510,324	2,546,598
Net Change in Fund Balances	\$ 926,658	\$ 2,754,926	\$ (953,908)	\$ (295,864)
Debt service as a percentage of noncapital expenditures	9.12%	12.02%	9.94%	8.73%

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 16,730,919	\$ 17,720,056	\$ 18,354,717	\$ 18,930,597	\$ 20,516,342	\$ 20,975,270	
757,846	935,003	744,948	811,167	995,745	1,042,997	
523,341	523,172	517,034	624,426	733,985	644,899	
1,138,100	1,640,576	247,022	125,844	151,301	91,396	
19,131	28,679	62,212	122,856	329,629	443,790	
264,820	457,991	547,081	597,914	816,867	619,896	
<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>	<u>23,818,248</u>	
3,758,455	4,009,902	4,134,595	4,251,415	4,554,239	4,351,190	
7,379,988	7,615,492	7,649,190	8,358,253	8,612,909	9,485,899	
733,558	880,375	912,306	1,081,261	1,383,418	1,132,490	
3,264,534	2,583,511	2,604,623	2,901,102	2,817,078	2,870,747	
1,352,134	1,432,949	1,665,011	1,785,351	1,746,422	1,980,856	
-	-	-	-	-	-	
4,351,864	2,784,274	2,321,645	2,384,306	2,448,603	2,801,935	
1,314,318	1,228,378	1,168,244	717,122	770,994	754,729	
304,535	285,047	254,683	232,438	228,516	474,751	
<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>	<u>23,852,597</u>	
(3,025,229)	485,549	(237,283)	(498,444)	981,690	(34,349)	
2,207,172	1,556,512	1,650,070	2,040,610	1,983,196	4,080,454	
(1,349,085)	(674,507)	(719,647)	(783,422)	(821,455)	(2,421,265)	
-	-	-	-	3,024,040	-	
-	-	-	-	-	14,880,000	
-	-	-	-	223,867	1,443,355	
-	-	-	-	-	-	
-	-	-	-	(3,148,118)	-	
55,244	-	-	-	-	-	
-	-	-	-	-	887,091	
<u>913,331</u>	<u>882,005</u>	<u>930,423</u>	<u>1,257,188</u>	<u>1,261,530</u>	<u>18,869,635</u>	
<u>\$ (2,111,898)</u>	<u>\$ 1,367,554</u>	<u>\$ 693,140</u>	<u>\$ 758,744</u>	<u>\$ 2,243,220</u>	<u>\$ 18,835,286</u>	
8.73%	7.53%	7.59%	4.85%	5.01%	6.31%	

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

	Fiscal Year			
	2010	2011	2012	2013
Residential Property	\$ 569,692,952	\$ 555,669,430	\$ 554,570,924	\$ 556,130,424
Commercial Property	398,544,224	409,764,239	412,237,877	413,559,139
Less: Tax Exempt Property	<u>(46,725,576)</u>	<u>(62,660,621)</u>	<u>(59,267,694)</u>	<u>(52,505,543)</u>
Total Taxable Assessed Value (1)	<u>\$ 921,511,600</u>	<u>\$ 902,773,048</u>	<u>\$ 907,541,107</u>	<u>\$ 917,184,020</u>
Taxable Assessed Value as a Percentage of Estimated Actual Value	100.00%	100.00%	100.00%	100.00%
Estimated Actual Taxable Value	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020
Total Direct Tax Rate	\$ 0.80360	\$ 0.80360	\$ 0.84360	\$ 0.84380

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 565,488,275	\$ 604,400,846	\$ 623,106,325	\$ 708,786,851	\$ 777,192,199	\$ 842,896,306
473,377,668	482,650,142	513,177,049	549,510,287	618,411,462	598,137,646
<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>(47,597,860)</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>	<u>\$ 1,393,436,092</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264	\$ 1,228,341,881	\$ 1,287,439,433	\$ 1,393,436,092
\$ 0.84360	\$ 0.83860	\$ 0.83860	\$ 0.79800	\$ 0.78800	\$ 0.78800

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

	Fiscal Year			
	2010	2011	2012	2013
City By Fund:				
Operating	\$ 0.67090	\$ 0.66970	\$ 0.71370	\$ 0.70230
Debt service	0.13270	0.13390	0.12990	0.14150
Total Direct Rates	<u>0.80360</u>	<u>0.80360</u>	<u>0.84360</u>	<u>0.84380</u>
Alvin Independent School District	1.30410	1.30410	1.32910	1.32910
Brazoria County	0.42629	0.46310	0.42590	0.43202
Conservation & Reclamation District No. 3	0.15000	0.15000	0.15000	0.15600
Alvin Community College	<u>0.19980</u>	<u>0.19980</u>	<u>0.19980</u>	<u>0.19900</u>
Total Direct and Overlapping Rates (1)	<u>\$ 2.88379</u>	<u>\$ 2.92060</u>	<u>\$ 2.94840</u>	<u>\$ 2.95992</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	0.68230	\$ 0.69389	\$ 0.71190	\$ 0.72360	\$ 0.71910	\$ 0.72430
	0.16130	0.14472	0.12670	0.07440	0.06890	0.06370
	<u>0.84360</u>	<u>0.83860</u>	<u>0.83860</u>	<u>0.79800</u>	<u>0.78800</u>	<u>0.78800</u>
	1.32910	1.41700	1.41700	1.45000	1.45000	1.45000
	0.49202	0.49850	0.48600	0.45741	0.44023	0.42791
	0.15600	0.15000	0.15000	0.15000	0.15000	0.15000
	<u>0.19980</u>	<u>0.20400</u>	<u>0.20400</u>	<u>0.19174</u>	<u>0.18080</u>	<u>0.18780</u>
\$	<u>3.02052</u>	<u>3.10810</u>	<u>3.09560</u>	<u>3.04715</u>	<u>3.00903</u>	<u>3.00371</u>

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

Property Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Team Industrial Services, Inc.	\$ 36,531,610	1	2.62%	\$ 6,598,229	8	0.72%
Texas New Mexico Power Co.	14,573,660	2	1.05%	6,736,270	6	0.73%
Weatherford US, LP	11,882,850	3	0.85%	13,619,970	2	1.48%
Highland Square Apartments	8,698,491	4	0.62%	6,190,972	10	0.67%
1800 FM1092 LLP	8,672,110	5	0.62%	-	-	-
WalMart Real Estate Business Trust	8,600,000	6	0.62%	-	-	-
Ron Carter Autoland	7,676,860	7	0.55%	-	-	-
Ron Carter Ford	7,286,830	8	0.52%	-	-	-
Riviana Foods	7,054,745	9	0.51%	-	-	-
Hillcrest Village Partners, LLP	6,500,000	10	0.47%	-	-	-
Home Depot	-	-	-	12,177,070	3	1.32%
WalMart Stores & WalMart Stores East, Inc.	-	-	-	18,295,580	1	1.99%
Axens North America	-	-	-	6,948,090	5	0.75%
Alvin Autoland	-	-	-	8,558,150	4	0.93%
Gas Turbine Engines	-	-	-	6,626,840	7	0.72%
Alvin Motorcars, LTD	-	-	-	6,504,440	9	0.71%
Subtotal	<u>117,477,156</u>		<u>8.43%</u>	<u>92,255,611</u>		<u>10.01%</u>
Other Taxpayers	<u>1,275,958,936</u>		<u>91.57%</u>	<u>829,255,989</u>		<u>89.99%</u>
Total	<u>\$ 1,393,436,092</u>		<u>100.00%</u>	<u>\$ 921,511,600</u>		<u>100.00%</u>

Source: Brazoria County - Tax Office Collections

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

	Fiscal Year			
	2010	2011	2012	2013
Tax levy	\$ 7,260,544	\$ 7,161,718	\$ 7,623,469	\$ 7,675,618
Current tax collected	\$ 7,118,215	\$ 6,997,769	\$ 7,489,804	\$ 7,566,448
Percentage of current tax collections	98.04%	97.71%	98.25%	98.58%
Delinquent tax collections	<u>\$ 128,255</u>	<u>\$ 153,291</u>	<u>\$ 120,371</u>	<u>\$ 93,357</u>
Total tax collections	<u><u>\$ 7,246,470</u></u>	<u><u>\$ 7,151,060</u></u>	<u><u>\$ 7,610,175</u></u>	<u><u>\$ 7,659,805</u></u>
Total collections as a percentage of current levy	99.81%	99.85%	99.83%	99.79%
Outstanding delinquent taxes	\$ 14,074	\$ 10,658	\$ 13,294	\$ 15,813
Outstanding delinquent taxes as percentage of current levy	0.19%	0.15%	0.18%	0.21%

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,051,610	\$ 8,394,543	\$ 9,136,737	\$ 9,733,834	\$ 10,352,600	\$ 10,867,368
\$ 7,945,225	\$ 8,300,703	\$ 9,040,858	\$ 9,627,522	\$ 10,240,350	\$ 10,731,665
98.68%	98.88%	98.95%	98.91%	98.92%	98.75%
\$ 92,877	\$ 77,135	\$ 74,965	\$ 77,329	\$ 53,461	\$ -
<u>\$ 8,038,102</u>	<u>\$ 8,377,838</u>	<u>\$ 9,115,823</u>	<u>\$ 9,704,851</u>	<u>\$ 10,293,811</u>	<u>\$ 10,731,665</u>
99.83%	99.80%	99.77%	99.70%	99.43%	98.75%
\$ 13,508	\$ 16,705	\$ 20,914	\$ 28,983	\$ 58,789	\$ 135,703
0.17%	0.20%	0.23%	0.30%	0.57%	1.25%

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

	Fiscal Year			
	2010	2011	2012	2013
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 5,372,311	\$ 5,090,115	\$ 5,861,240	\$ 6,153,088
Certificates of obligation	3,146,860	6,663,507	4,919,192	4,656,772
Capital leases	206,217	105,679	-	450,000
Issuance discounts/premiums	9,828	259,172	247,950	231,616
Subtotal	<u>8,735,216</u>	<u>12,118,473</u>	<u>11,028,382</u>	<u>11,491,476</u>
Business-Type Activities:				
Revenue bonds	10,745,000	10,145,000	4,945,000	4,925,000
General obligation bonds (1)	4,538,690	4,886,883	11,921,760	10,740,921
Certificates of obligation (2)	6,298,140	4,086,493	1,160,808	898,228
Issuance discounts/premiums	14,179	195,312	189,361	179,071
Subtotal	<u>21,596,009</u>	<u>19,313,688</u>	<u>18,216,929</u>	<u>16,743,220</u>
Total Primary Government	<u>\$ 30,331,225</u>	<u>\$ 31,432,161</u>	<u>\$ 29,245,311</u>	<u>\$ 28,234,696</u>
 Personal Income	 \$ 586,289,000	 \$ 588,159,000	 \$ 539,299,000	 \$ 564,481,000
 Debt as a Percentage of Personal Income	 5.17%	 5.34%	 5.42%	 5.00%
 Population	 21,413	 24,236	 24,236	 24,236
 Debt per Capita	 \$ 1,416	 \$ 1,297	 \$ 1,207	 \$ 1,165

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

2014	2015	2016	2017	2018	2019
\$ 5,154,756	\$ 4,303,667	\$ 3,262,729	\$ 2,777,474	\$ 4,925,766	\$ 4,414,329
4,371,247	4,029,512	3,937,092	3,743,010	207,945	14,880,000
472,490	436,936	402,050	364,265	326,154	290,807
215,282	202,037	188,791	175,545	294,759	1,714,249
<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>	<u>21,299,385</u>
-	-	-	-	9,290,000	24,070,000
14,560,252	13,401,339	11,672,276	10,567,531	10,354,252	9,205,688
623,753	10,330,488	10,322,908	9,776,990	8,957,055	8,410,000
195,899	551,210	520,607	490,004	788,219	2,083,072
<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>43,768,760</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>	<u>\$ 65,068,145</u>
\$ 566,832,000	\$ 534,234,000	\$ 580,839,000	\$ 608,914,000	\$ 617,818,000	\$ 615,572,000
4.52%	6.22%	5.22%	4.58%	5.69%	10.57%
24,236	24,236	24,236	24,236	24,236	28,616
\$ 1,056	\$ 1,372	\$ 1,250	\$ 1,151	\$ 1,450	\$ 2,274

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

	Fiscal Year			
	2010	2011	2012	2013
Estimated Actual Taxable Value of Property				
All property	\$ 921,511,600	\$ 902,773,048	\$ 907,541,107	\$ 917,184,020
Net Bonded Debt				
General bonded debt (1)	\$ 19,380,008	\$ 21,181,482	\$ 24,300,311	\$ 22,859,696
Less debt service funds	<u>420,806</u>	<u>409,223</u>	<u>99,776</u>	<u>102,167</u>
Net Bonded Debt	<u>\$ 18,959,202</u>	<u>\$ 20,772,259</u>	<u>\$ 24,200,535</u>	<u>\$ 22,757,529</u>
Net Bonded Debt as a Percentage of Estimated Actual Taxable Value of Property	2.06%	2.30%	2.67%	2.48%
Population	21,413	24,236	24,236	24,236
Net Bonded Debt per Capita	\$ 885	\$ 857	\$ 999	\$ 939

Note:

(1) General bonded debt includes debt of both governmental and business-type activities (excluding capital leases and revenue bonds), net of original issuance discounts and premiums.

Fiscal Year

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 959,353,423	\$ 1,006,033,215	\$ 1,087,861,264	\$ 1,228,341,881	\$ 1,287,439,433	\$ 1,393,436,092
\$ 25,121,189	\$ 32,818,253	\$ 29,904,403	\$ 27,530,554	\$ 25,527,996	\$ 40,707,338
<u>79,394</u>	<u>74,833</u>	<u>92,651</u>	<u>97,686</u>	<u>152,313</u>	<u>394,430</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>	<u>\$ 40,312,908</u>
2.61%	3.25%	2.74%	2.23%	1.97%	2.89%
24,236	24,236	24,236	24,236	24,236	28,616
\$ 1,033	\$ 1,351	\$ 1,230	\$ 1,132	\$ 1,047	\$ 1,409

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2019

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Brazoria County	\$ 69,425,000	4.77%	\$ 3,311,573
Alvin Independent School District	\$ 815,705,000	19.27%	157,186,354
Alvin Community College	\$ 43,691,918	15.71%	<u>6,864,000</u>
Subtotal, overlapping debt			167,361,927
City Direct Debt	\$ 40,707,338	100.00%	<u>40,707,338</u>
Total Direct and Overlapping Debt			<u><u>\$ 208,069,265</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, 2019

Fiscal Year	Total Taxable Assessed Value	State Equalization Rate	Full Valuation
2019	\$ 1,393,436,092	100%	\$ 1,393,436,092
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
Total Five Year Valuation			\$ 6,003,111,885
Five Year Average Full Valuation of Taxable Real Property			\$ 1,200,622,377
Debt Limit (10% of Average Full Valuation)			\$ 120,062,238
Outstanding Indebtedness at September 30			
Governmental Activities - General Obligation Debt			\$ 4,414,329
Business-Type Activities - General Obligation Debt			9,205,688
Net Indebtedness Subject to Debt Limit			\$ 13,620,017
Net Debt Contracting Margin			\$ 106,442,221
Percentage of Net Debt Contracting Margin Available			88.66%
Percentage of Net Debt Contracting Power Exhausted			11.34%

Last Ten Fiscal Years

Fiscal Year	Debt Limit	Outstanding Indebtedness September 30	Net Debt Contracting Margin	Percentage of Net Debt Contracting Margin Available
2019	\$ 120,062,238	\$ 13,620,017	\$ 106,442,221	88.66%
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%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Gross Revenues (1)	\$ 6,309,789	\$ 6,776,431	\$ 6,539,555	\$ 7,009,368
Operating Expenses (2)	3,516,010	3,165,676	3,205,149	3,487,003
Net Revenues Available for Debt Service	\$ 2,793,779	\$ 3,610,755	\$ 3,334,406	\$ 3,522,365
Debt Service Requirements (3)				
Principal	\$ 600,000	\$ 600,000	\$ 620,000	\$ 20,000
Interest	425,106	407,106	388,256	204,338
Total	\$ 1,025,106	\$ 1,007,106	\$ 1,008,256	\$ 224,338
Coverage	2.73	3.59	3.31	15.70

(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					
2014	2015	2016	2017	2018*	2019
\$ 7,124,351	\$ 7,642,799	\$ 7,707,395	\$ 8,126,553	\$ 8,791,640	\$ 11,199,041
<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>4,021,047</u>
<u>\$ 3,608,399</u>	<u>\$ 2,883,875</u>	<u>\$ 2,210,680</u>	<u>\$ 4,108,325</u>	<u>\$ 4,795,334</u>	<u>\$ 7,177,994</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,000
-	-	-	-	-	309,314
<u>\$ -</u>	<u>\$ 774,314</u>				
-	-	-	-	-	9.27

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

Fiscal Year Ended	Population (1)	Personal Income (1)	Per Capita Personal Income (4)	Median Age (1)	Education Level in Years of Schooling (1)	School Enrollment (2)	Unemploy- ment Rate (3)
2010	21,413	\$ 586,289,000	\$ 27,380	32.60	13.80	17,261	8.30%
2011	24,236	\$ 588,159,000	\$ 24,268	32.90	13.80	18,206	8.00%
2012	24,236	\$ 539,299,000	\$ 22,252	33.00	13.60	18,206	6.20%
2013	24,236	\$ 564,481,000	\$ 23,291	34.50	13.18	19,696	6.00%
2014	24,236	\$ 566,832,000	\$ 23,388	32.50	13.00	19,809	4.90%
2015	24,236	\$ 534,234,000	\$ 22,043	32.80	12.76	20,209	4.70%
2016	24,236	\$ 580,839,000	\$ 23,966	33.50	13.10	23,479	5.70%
2017	24,236	\$ 608,914,000	\$ 25,537	35.10	13.11	23,632	5.40%
2018	24,236	\$ 617,818,000	\$ 25,122	35.00	13.30	26,000	4.40%
2019	28,616	\$ 615,572,000	\$ 26,861	35.40	14.00	27,156	4.20%

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	2019*			2010**		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	3,648	1	55.16%	2,000	1	33.44%
Empereon Constar	700	2	10.58%	-	-	-
INEOS Olfens & Polymers USA	575	3	8.69%	429	6	7.17%
Ascend Performance Materials	572	4	8.65%	-	-	-
Team Industrial Services	492	5	7.44%	247	9	4.13%
Alvin Community College	303	6	4.58%	500	4	8.36%
City of Alvin	189	7	2.86%	186	10	3.11%
RiceTec	135	8	2.04%	-	-	-
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>6,614</u>		<u>100.00%</u>	<u>5,981</u>		<u>100.00%</u>

Source: Economic development department

* [http://www.eda-bc.com/reports ...](http://www.eda-bc.com/reports...) Data only provided top 8 major employers (Reports > Top Employers List)

** City of Alvin Financial Report FYE 9/30/2010

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CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>General Fund:</u>										
Administration	2.0	2.0	4.0	3.0	2.0	3.0	2.0	2.0	3.0	3.0
Legal	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1.0	1.0
Municipal	2.0	2.0	2.0	2.0	2.0	3.0	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	8.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0	7.0
Public Safety										
Police	72.0	75.0	76.0	74.0	73.0	72.0	73.0	72.0	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	4.0	4.0	6.0	7.0	7.0	7.0	7.0
Culture and Recreation										
Parks	9.0	9.0	11.0	10.0	10.0	9.0	9.0	9.0	9.0	9.0
Facility Maintenance	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0
Senior Center	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Economic Development	2.0	2.0	2.0	1.0	1.0	2.0	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	1.0
Public Works										
Street	20.0	20.0	22.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Engineering										
Engineering	-	-	-	9.0	7.0	7.0	8.0	9.0	9.0	9.0
CIP	4.0	-	-	-	-	-	-	-	-	-
Community Development										
Inspections	4.0	5.0	9.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Code Enforcement	4.0	-	-	-	4.0	4.0	5.0	4.0	4.0	4.0
General Fund Total	143.0	138.0	148.0	154.0	154.0	156.0	160.0	160.0	159.0	158.0
<u>Enterprise Fund:</u>										
Administration	7.0	7.0	7.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0
Water, Sewer, WWTP	24.0	24.0	24.0	25.0	24.0	24.0	24.0	24.0	24.0	23.0
Enterprise Fund Total	31.0	31.0	31.0	33.0	32.0	32.0	31.0	31.0	31.0	30.0
<u>Internal Service Fund:</u>										
Administration	4.0	4.0	4.0	4.0	5.0	6.0	6.0	6.0	5.0	5.0
Internal Service Fund Total	4.0	4.0	4.0	4.0	5.0	6.0	6.0	6.0	5.0	5.0
<u>Emergency Medical Services:</u>										
Administration	2.0	2.0	3.0	3.0	3.0	18.0	18.0	18.0	18.0	18.0
Emergency Medical Services Total	2.0	2.0	3.0	3.0	3.0	18.0	18.0	18.0	18.0	18.0
Total City Positions	180.0	175.0	186.0	194.0	194.0	212.0	215.0	215.0	213.0	211.0

Source: Economic development department

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Physical arrests	1,920	2,253	2,199	2,402
Traffic violations	3,429	3,857	3,649	4,522
Fire				
Emergency responses	599	511	560	551
Inspections	424	511	428	333
Sanitation				
Monthly residential pickups	5,376	5,452	5,486	5,566
Commercial containers	835	848	842	866
Culture and recreation				
Athletic fields	22	22	22	22
Water				
New accounts	55	94	91	117
Total number of water connections	7,405	7,499	7,567	7,684
Average daily consumption (thousands of gallons)	2.414	2.414	2.395	2.337
Sewer				
Average daily sewage treatment (thousands of gallons)	3.416	3.416	2.860	2.639

Source: Various City departments

Note: Indicators are not available for the general government functions

Fiscal Year					
2014	2015	2016	2017	2018	2019
676	1,271	2,139	2,017	1,955	1,970
5,001	4,647	4,103	5,127	7,325	5,891
675	636	660	743	690	720
740	1,600	1,563	1,409	1,681	1,703
5,683	5,833	6,017	6,090	6,144	6,280
883	828	843	849	941	968
22	22	22	22	22	22
119	196	64	123	294	121
7,803	7,999	8,063	8,186	8,480	8,601
2.337	2.650	2.604	2.790	2.838	2.697
2.639	2.800	2.546	2.942	2.993	3.568

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Stations	1	1	1	1
Patrol units	41	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	103	103	171
Parks	16	16	16	14
Senior center	-	-	-	1
Skate park	-	-	-	1
Dog park	-	-	-	1
Hike and bike trail	-	-	-	1
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	5	5	5	5
Water mains (miles)	147	147	150	150
Fire hydrants	920	920	946	949
Storage capacity (thousands of gallons)	8.31	8.31	8.31	8.31
Sewer				
Sanitary sewers (miles)	141	141	142	142
Storm sewers (miles)	52	52	52	52
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					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
41	41	40	40	40	40
3	3	3	3	3	3
65	65	60	62	60	64
180	180	183	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	148	150	150	152
949	1,200	976	984	984	1,039
8.31	8.31	8.31	8.31	8.31	8.31
142	142	142	144	144	148
52	57	57	57	57	16
15	15	15	15	15	15

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