

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 5, 2026



**NEW ISSUE
BOOK-ENTRY ONLY**

RATING: S&P Global Rating: “A+/Negative”
(See “OTHER INFORMATION – Ratings” and “BOND INSURANCE” herein)

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (AS DEFINED BELOW) (i) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, (ii) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE “TAX MATTERS” HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

THE BONDS WILL NOT BE DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.



\$32,500,000*
CITY OF ALVIN, TEXAS
(BRAZORIA COUNTY, TEXAS)
WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

Dated Date: November 1, 2026
(Interest accrues from date of initial delivery)

Due: February 1 — See page ii

The City of Alvin, Texas (the “City”) is issuing its Water and Sewer System Revenue Bonds, Series 2026 (the “Bonds”) pursuant to the applicable provisions of the Texas Constitution, and general laws of the State of Texas (the “State”), including, particularly, Chapter 1502, Texas Government Code, as amended, the City’s home rule charter, and the ordinance (the “Ordinance”) authorizing the issuance of the Bonds to be adopted by the City Council of the City (the “City Council”) on October 15, 2026. See “THE BONDS – Authority for Issuance.”

Interest on the Bonds will accrue from the date of initial delivery of the Bonds to the Initial Purchaser (as defined herein) and is payable on February 1 and August 1 of each year commencing on February 1, 2027, until stated maturity or prior redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds are special obligations of the City payable by a pledge of and first lien on the Net Revenues (as defined in the Ordinance) of the City’s water and sewer system (the “System”). **The Bonds do not constitute a general obligation of the City, the State, Brazoria County, Texas or any other political subdivision thereof, are not payable from any funds raised or to be paid by taxation, and the owners of the Bonds shall never have the right to demand payment from any revenues, receipts or assets of the City except the Net Revenues pledged to the payment of the Bonds.** No lien or mortgage has been created on the physical properties of the System to secure payment on the Bonds. See “THE BONDS – Security for Payment.”

The Bonds will be issued in fully-registered form and, when issued, will be registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), as the registered owner, pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 in principal amount or integral multiples thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by Zions Bancorporation, National Association, d/b/a Amegy Bank Division, Houston, Texas (the “Paying Agent/Registrar”) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System” herein.

Proceeds from the sale of the Bonds will be used to pay for (i) costs related to acquiring, constructing, improving, equipping and extending the System, and (ii) the costs of issuing the Bonds. See “THE BONDS - Purposes.”

SEE PAGE ii FOR MATURITY SCHEDULE

The Bonds are subject to optional redemption prior to their scheduled maturities as described herein. See “THE BONDS – Optional Redemption” herein. If the principal amounts designated in the serial maturity schedule on page ii hereof are combined to create one or more term Bonds (the “Term Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption as described herein. See “THE BONDS – Mandatory Sinking Fund Redemption” herein.

The City is requesting qualification for the issuance of a municipal bond insurance policy in conjunction with this issuance of Bonds. If qualified and a municipal bond insurance policy is obtained, the associated premium is the responsibility of the Initial Purchaser.

The Bonds are offered for delivery, when, as and if issued by the City and received by the Initial Purchaser (the “Initial Purchaser”), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Houston, Texas, Bond Counsel for the City. See “LEGAL MATTERS” herein and “Form of Opinion of Bond Counsel” attached hereto as Appendix C. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 12, 2026.

BIDS DUE THURSDAY, OCTOBER 15, 2026 AT 10:00 A.M., CENTRAL TIME

* Preliminary, subject to change.

MATURITY SCHEDULE
\$32,500,000*
City of Alvin, Texas
Water and Sewer System Revenue Bonds, Series 2026
CUSIP Prefix ^(c): 022483

Maturity		Principal	Interest		CUSIP
Feb. 1		Amount*	Rate	Yield ^(b)	Suffix ^(c)
2027		\$ 1,440,000			
2028		1,635,000			
2029		1,635,000			
2030		1,635,000			
2031		1,635,000			
2032		1,635,000			
2033		1,635,000			
2034		1,635,000			
2035	(a)	1,635,000			
2036	(a)	1,635,000			
2037	(a)	1,635,000			
2038	(a)	1,635,000			
2039	(a)	1,635,000			
2040	(a)	1,635,000			
2041	(a)	1,635,000			
2042	(a)	1,635,000			
2043	(a)	1,635,000			
2044	(a)	1,635,000			
2045	(a)	1,635,000			
2046	(a)	1,630,000			

(Interest accrues from the date of initial delivery)

- (a) The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof on February 1, 2035, or any date thereafter at par plus the accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS- Optional Redemption” herein. Additionally, principal amounts for two or more consecutive maturities designated in the above schedule may be combined to create one or more term Bonds (the “Term Bonds”), with each such Term Bond being subject to mandatory sinking fund redemption. See “THE BONDS – Mandatory Sinking Fund Redemption” herein.
- (b) The initial reoffering prices or yields of the Bonds are furnished by the Initial Purchaser (as defined herein) and represent the initial offering prices or yields to the public, which may be changed by the Initial Purchaser at any time.
- (c) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned to the Bonds by the CUSIP Global Services, managed by Fact Set Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. Neither the City nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

* Preliminary, subject to change.

CITY OFFICIALS, ADMINISTRATION AND CONSULTANTS

Description of the City

The City was incorporated on July 25, 1893 and adopted its “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 mayor and seven council members are elected for staggered three-year terms. The City is located in Brazoria County, Texas, 25 miles southeast of Houston, Texas at the intersection of State Highways 6 and 35.

Elected Officials

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
Gabe Adame	Mayor	May 2029	Banking
Martin Vela	Councilmember District A	May 2028	Fire Marshal
Chris Vaughn	Councilmember District B	May 2027	Realtor
Richard Garivey	Councilmember District C	May 2027	Sales Account Manager
Ashley Davis	Councilmember District D	May 2028	Realtor
Meagan DeKeyzer	Mayor Pro-Tem District E	May 2029	Attorney
Keko Moore	Councilmember At Large 1	May 2027	Realtor
Scott Salter	Councilmember At Large 2	May 2028	Business Owner

City Officials

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Junru Roland	City Manager	8 Years
Michael Gibbs	Director of Finance	7 Months
Dixie Roberts	Asst. City Manager/City Secretary	5 Years
Brandon Moody	Director of Public Services	6 Years

Consultants

Bond Counsel	Bracewell LLP Houston, Texas
Certified Public Accountants	Crowe, LLP Houston, Texas
Municipal Advisor	USCA Municipal Advisors, LLC Houston, Texas

For Additional Information Contact:

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”) and in effect on the date of this Preliminary Official Statement, this document, and the schedule (if any) and appendices attached hereto constitutes an “official statement” of the City with respect to the Bonds that has been “deemed final” by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

All the summaries of statutes, ordinances, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the City.

Certain information set forth herein has been obtained from the City and other sources, which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Initial Purchaser.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No broker, dealer, salesperson or other person has been authorized by the City, the Financial Advisor or the Initial Purchaser to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the Financial Advisor or the Initial Purchaser, or any other person. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” herein for a description of the City’s undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after such Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NEITHER THE CITY NOR ITS FINANCIAL ADVISOR, MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER “THE BONDS – BOOK-ENTRY-ONLY SYSTEM” HEREIN.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE (IF ANY) AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

TABLE OF CONTENTS

MATURITY SCHEDULE	ii	SELECTED ISSUER INFORMATION	22
CITY OFFICIALS, ADMINISTRATION		Outstanding Revenue Bonds	22
AND CONSULTANTS	iii	Pro-forma – Debt Service Schedule	23
USE OF INFORMATION IN OFFICIAL		Coverage and Fund Balance	23
STATEMENT	iv	Historical Operations of the Water and Sewer Fund	24
OFFICIAL STATEMENT SUMMARY	vi	Water and Sewer System Net Revenues Available for	
INTRODUCTION	1	Debt Service	25
THE BONDS	1	Outstanding Self-Supporting General Obligation	
Purposes	1	Debt	25
Sources and Uses	1	GENERAL FINANCIAL INFORMATION	26
Description	1	Financial Policies	26
Authority for Issuance	2	Deposits and Investments	27
Security for Payment	2	LEGAL MATTERS	29
Pledged Revenues	2	Legal Opinions	29
Optional Redemption	2	Litigation	30
Mandatory Sinking Fund Redemption	2	No-Litigation Certificate	30
Notice of Redemption	3	TAX MATTERS	30
Defeasance	3	Tax Exemption	30
Anticipated Issuance of Additional Debt	4	Additional Federal Income Tax Considerations	31
Additional Bonds	4	Tax Legislative Changes	32
Book-Entry-Only System	4	CONTINUING DISCLOSURE OF	
Paying Agent/Registrar	6	INFORMATION	32
Ownership	6	Annual Reports	32
Transfers and Exchanges and Registration	6	Event Notices	33
Record Date for Interest Payment	6	Availability of Information from EMMA	34
Bondholders' Remedies	7	Limitations and Amendments	34
Replacement Bonds	8	Compliance with Prior Undertakings	34
SELECTED PROVISIONS OF THE ORDINANCE	8	WEATHER EVENTS	34
Definitions	8	EXPOSURE TO OIL AND GAS INVENTORY	35
Pledge and Source of Payment	12	OTHER INFORMATION	35
Rates and Charges	12	Ratings	35
Special Funds	13	Financial Advisor	35
Flow of Funds	13	Initial Purchaser	35
Interest and Sinking Fund	14	BOND INSURANCE	35
Reserve Fund	14	Bond Insurance Risk Factors	35
Deficiencies in Funds	15	Claims-Paying Ability and Financial Strength of	
Investment of Funds: Transfer of		Municipal Bond Insurers	36
Investment Income	16	GENERAL CONSIDERATIONS	36
Additional Parity Bonds	16	Prices and Marketability	36
Parity Notes	16	Legal Investments and Eligibility to Secure	
Parity Credit Agreements	17	Public Funds in Texas	37
Parity Contract Obligations	17	Securities Laws	37
Subordinate Lien Bonds	17	Audited Financial Statements	37
Special Projects Bonds	17	Sources and Compilation of Information	37
Punctual Payment of Parity Bonds	17	Certification of Official Statement	37
Maintenance of System	17	Approval of Official Statement	38
Sale or Encumbrance of System	18		
Insurance	18	APPENDIX A – ECONOMIC & DEMOGRAPHIC	
Competition	18	INFORMATION	
Pledge and Encumbrance of Net Revenues	18	APPENDIX B – SELECTED DATA FROM ANNUAL	
THE SYSTEM	18	COMPREHENSIVE FINANCIAL REPORT FROM THE	
Capital Improvement Plan	18	CITY OF ALVIN, TEXAS FISCAL YEAR ENDED	
The Water System	19	SEPTEMBER 30, 2025	
Consumption	19	APPENDIX C - FORM OF OPINION OF BOND	
Ten Largest Water Customers	20	COUNSEL	
Monthly Water Rates	20		
The Sewer System	20		
Consumption	21		
Ten Largest Sewer Customers	21		
Monthly Sewer Rates	21		

OFFICIAL STATEMENT SUMMARY

This Official Statement Summary is subject in all respects to the more complete information contained in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Official Statement Summary from the Official Statement or otherwise to use this Official Statement Summary without the entire Official Statement.

The Issuer	The City of Alvin, Texas (the “City”), is a home rule municipality located in Brazoria County, Texas (the “County”).
The Bonds	\$32,500,000* City of Alvin, Texas, Water and Sewer System Revenue Bonds, Series 2026 (the “Bonds”). The Bonds are being issued in the principal amounts, maturities, and at the rates per annum, set forth on page ii hereof. The Bonds will be issued only in fully-registered form in integral multiples of \$5,000 in principal amount.
Interest	The Bonds are dated November 1, 2026. Interest on the Bonds accrues from the Date of Delivery (defined below) of the Bonds to the Initial Purchaser. Interest is payable on February 1 and August 1 of each year, commencing February 1, 2027, until the earlier of stated maturity or prior redemption.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is Zions Bancorporation, National Association, d/b/a Amegy Bank Division, Houston, Texas.
Authority for Issuance	The Bonds are being issued pursuant to the Constitution and laws of the State of Texas, specifically Chapter 1502, Texas Government Code, as amended, the City’s home rule charter and a bond ordinance authorizing the issuance of the Bonds (the “Ordinance”) to be adopted by the City Council of the City on October 15, 2026. See “THE BONDS - Authority for Issuance” herein.
Optional Redemption	The City reserves the right, at its option, to redeem the Bonds having stated maturities on and after February 1, 2036, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2035, or any day thereafter at par, plus accrued interest from the most recent interest payment date to the date fixed for redemption. See “THE BONDS – Optional Redemption” herein.
Mandatory Sinking Fund Redemption	If the principal amounts of two or more consecutive maturities designated in the serial maturity schedule on page ii hereof are combined to create one or more term Bonds (the “Term Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption. See “THE BONDS – Mandatory Sinking Fund Redemption” herein.
Security for Payment	The Bonds are secured solely by a pledge of and first lien on the Net Revenues (as defined in the Ordinance) of the City’s water and sewer system (the “System”). The Bonds do not constitute a general obligation of the City, the State of Texas, the County, or any other entity, are not payable from any funds raised or to be raised by taxation, and the owners of the Bonds shall never have the right to demand payment from any revenues, receipts or assets of the City except the Net Revenues pledged to the payment of the Bonds. No lien or mortgage has been created on the physical properties of the System to secure payment of the Bonds. See “THE BONDS – Security for Payment.”
Use of Proceeds	Proceeds from the sale of the Bonds will be used to pay for (i) the costs related to acquiring, constructing, improving, equipping and extending the System and (ii) the costs of issuing the Bonds. See “THE BONDS - Purposes.”

* Preliminary, subject to change.

Book-Entry-Only System	The Bonds are issued in fully registered form in integral multiples of \$5,000 principal amount. The Bonds are initially issuable only to Cede & Co., the nominee of DTC pursuant to a book-entry-only system. No physical delivery of the Bonds will be made to the beneficial owners of the Bonds. Principal of and interest on the Bonds will be paid to Cede & Co., which will distribute such payment to the participating members of DTC for remittance to the beneficial owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”
Municipal Bond Rating	S&P Global Ratings, a division of S&P Global Inc. has assigned its underlying municipal bond rating of “A+/Negative” to the Bonds. See “OTHER INFORMATION – Ratings” herein.
Tax Exemption	In the opinion of Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income under section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the alternative minimum tax on individuals. See “TAX MATTERS” herein, including information regarding potential alternative minimum tax consequences for corporations.
Not Qualified Tax-Exempt Obligations	The City will <u>not</u> designate the Bonds as “qualified tax-exempt obligations” for financial institutions.
Delivery	It is expected that the Bonds will be available for delivery through the facilities of DTC on or about November 12, 2026 (the “Date of Delivery”).
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to certain legal matters by Bracewell LLP, Houston, Texas, Bond Counsel.
Population	2020 U.S. Census – 27,098. Estimated 2025 population 30,115.

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PRELIMINARY OFFICIAL STATEMENT

\$32,500,000*

CITY OF ALVIN, TEXAS

WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

(A political subdivision of the State of Texas in Brazoria County, Texas)

INTRODUCTION

This Official Statement is provided to furnish information in connection with the offering of the City of Alvin, Texas (the “City”) Water and Sewer System Revenue Bonds, Series 2026 (the “Bonds”).

The Bonds are being issued by the City pursuant to the applicable provisions of the constitution and the laws of the State of Texas (the “State”), including particularly Chapter 1502, Texas Government Code, as amended, the City’s home rule charter, and a bond ordinance (the “Ordinance”) to be adopted by the City Council (the “Council”) of the City on October 15, 2026. See “THE BONDS - Authority for Issuance” herein.

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the City. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

The City’s audited general purpose financial statements for the fiscal year ended September 30, 2025, which are attached hereto as Appendix B, present information on the general financial condition of the City at the dates and for the periods described therein.

THE BONDS

Purposes

Proceeds from the sale of the Bonds will be used to pay for (i) the costs related to acquiring, constructing, improving, equipping and extending the System and (ii) the costs of issuing the Bonds.

Sources and Uses

The following table sets forth the estimated sources and uses of funds associated with the proceeds from the sale of the Bonds and City contributions, if any.

Sources of Funds:	
Par Amount	\$
Premium	
Total	\$
Uses of Funds:	
Project Fund	\$
Initial Purchaser’s Discount	
Issuance Costs ⁽¹⁾	
Total	\$ _____

(1) Includes professional costs, rating agency fees, fees of the Paying Agent/Registrar, rounding amount and other costs of issuance.

Description

The Bonds will bear interest at the rates and will mature on the dates and in the amounts as set forth on page ii of this Official Statement. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Bonds will accrue from the date of delivery to the Initial Purchaser, and will be payable on February 1, 2027, and on each August 1 and February 1 thereafter until the earlier of stated maturity or prior redemption.

* Preliminary, subject to change.

The Bonds will be issued in fully-registered form in integral multiples of \$5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry-only system, described herein. See "THE BONDS – Book-Entry-Only System" herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by Zions Bancorporation, National Association, d/b/a Amegy Bank Division, Houston, Texas, (the "Paying Agent/Registrar") to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

Authority for Issuance

The Bonds are being issued pursuant to the constitution and laws of the State, including, particularly, Chapter 1502, Texas Government Code, as amended, the City's home rule charter, and the Ordinance.

Security for Payment

The Bonds, the Outstanding (as defined herein) Parity Obligations (as defined herein) and any Additional Parity Obligations (as defined herein) that may be issued in the future, are special obligations of the City payable, both as to principal and interest, solely from and secured by a first lien on Net Revenues (as defined herein) received by the City from the operation and ownership of its water and sewer system (the "System"). The Bonds do not constitute an indebtedness or general obligation of the City and are not payable from funds raised or to be raised by taxation. Owners of the Bonds shall never have the right to demand payment of the Bonds from the levy of ad valorem taxes or from any source other than the Net Revenues pledged to payment of the Bonds. See "SELECTED PROVISIONS OF THE ORDINANCE" for additional information on the security for the Bonds.

The Bonds are not a charge upon any other income or revenues of the City and shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City. The Ordinance does not create a lien or mortgage on the System, except the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

The Bonds are not secured by the Reserve Fund or any account within the Reserve Fund, and there is no Reserve Fund Requirement for the Bonds. The City has reserved the right to separately establish a reserve fund with each series of Parity Obligations. See "SELECTED PROVISIONS OF THE ORDINANCE." However, the City is not obligated to establish a reserve fund with respect to any series of Parity Obligations.

Pledged Revenues

The Net Revenues of the System are irrevocably pledged for the payment of the Bonds and interest thereon. The Outstanding Parity Obligations, Bonds and any Additional Parity Obligations will be equally and ratably secured by a first lien upon the Net Revenues of the System.

Optional Redemption

The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2036, in whole or, from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2035 or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds (or mandatory sinking fund redemption amounts with respect to term bonds, if any) to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Mandatory Sinking Fund Redemption

In addition to the foregoing optional redemption provisions, if principal amounts for two or more consecutive maturities designated in the serial maturity schedule on page ii hereof are combined to create one or more term Bonds (the "Term

Bonds”), each such Term Bond shall be subject to mandatory sinking fund redemption commencing on February 1 of the first year which has been combined to form such Term Bond and continuing on February 1 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover page hereof, without premium, plus accrued interest to the date of redemption.

The principal amount of Term Bonds of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Bonds of the same maturity which, at least 45 days prior to a mandatory redemption date (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

The Paying Agent/Registrar and the City, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the City will reduce the outstanding principal amount of such Bond held by DTC.

In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bond held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bond from the beneficial owners.

Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Bonds for redemption. See “THE BONDS – Book-Entry-Only System.”

Defeasance

The Ordinance provides that the City may defease, discharge or refund the Bonds in any manner now or hereafter permitted by law.

Anticipated Issuance of Additional Debt

The City currently anticipates the issuance of approximately \$43.2 million in additional System revenue obligations through fiscal year 2030. The issuance of any such debt requires action by the City Council. The timing and amounts of future issues of debt if any, are within the discretion of the City Council and subject to change. See “THE SYSTEM – Capital Improvement Plan.”

Additional Bonds

The City may issue additional revenue obligations and enter into credit agreements payable from the Net Revenues, which shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See “SELECTED PROVISIONS OF THE ORDINANCE” for terms and conditions to be satisfied for the issuance of Additional Parity Obligations (as defined herein).

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will

not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds of a maturity are being redeemed, DTC's practice is to determine by lot the amount of interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each, series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar of each series, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to one or both series of the Bonds at any time by giving reasonable notice to the City or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bonds, as appropriate, will be printed and delivered.

Effect of Termination of Book-Entry-Only System

In the event that the book-entry-only system is discontinued by DTC or the use of the book-entry-only system is discontinued by the City, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS – Transfers and Exchanges and Registration" below.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry-only system, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant

acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry-only system, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchaser.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, d/b/a Amegy Bank Division, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar with respect to the Bonds. The Paying Agent/Registrar may be removed from its duties at any time, but no such removal is effective until a successor has accepted the duties of the Paying Agent/Registrar by written instrument. The City covenants to maintain and provide a Paying Agent/Registrar for the Bonds until the Bonds are duly paid. Any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar.

Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner affected by the change, which notice shall give the address of the new Paying Agent/Registrar.

Ownership

The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bonds for the purposes of making payment of the principal thereof and the interest thereon and for all other purposes, whether or not such Bond is overdue. Neither the City nor the Paying Agent/Registrar will be bound by any notice or knowledge to the contrary. All payments made to the registered owner of such Bond in accordance with the Ordinance will be valid and effectual and will discharge the liability of the City and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Transfers and Exchanges and Registration

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Record Date for Interest Payment

The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment

date of the past due interest (“Special Payment Date”) which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders’ Remedies

The Ordinance provides that in the event of a default in the payment of principal of or interest on any of the Bonds or a default in the performance of any duty or covenant provided by law or in the Ordinance, the owner of such Bond may pursue all legal remedies afforded by the constitution and laws of the State to compel the City to remedy such default and to prevent further defaults.

Without limiting the foregoing, the Ordinance provides that an owner of the Bonds may at law or in equity by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the City under the Ordinance, including the making and collection of reasonable and sufficient rates and charges for the use and services of the System, the deposit of Gross Revenues into the special funds herein provided and the application of Gross Revenues and Net Revenues in the manner required in the Ordinance. The Ordinance does not establish other remedies of specifically enumerated events of default with respect to the Bonds. The Ordinance does not provide for a trustee to enforce the covenants and obligations of the City. In no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinance would be successful.

The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3rd 325 (Tex. 2006), that a waiver of governmental immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the City’s governmental immunity from a suit for money damages, registered owners may not be able to bring such a suit against the City for breach of the Bonds or covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City’s property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-160, Texas Local Government Code (the “Local Government Immunity Waiver Act”), which, according to the Court, waives “immunity from suit for contract claims against most local governmental entities in certain circumstances.” The Local Government Immunity Waiver Act covers municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 59 Tex. Sup. Ct. J. 524 (Tex. 2016) that governmental immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. In *Wasson*, the Court recognized that the distinction between governmental and proprietary functions is not clear. Therefore, in considering municipal breach of contract cases, it is incumbent on the courts to determine whether a function is proprietary or governmental based upon the common law and statutory guidance. Issues related to the applicability of governmental immunity as they relate to the issuance of municipal debt have not been adjudicated. Each situation will be evaluated based on the facts and circumstances surrounding the contract in question.

In its decision, the Court held that since the Local Government Immunity Waiver Act waives governmental immunity in certain breach of contract claims without addressing whether the waiver applies to a governmental function or a proprietary function of a city, the Court could not reasonably read the Local Government Immunity Waiver Act to evidence legislative intent to restrict the waiver of immunity when a city performs a proprietary function. The Court remanded the case so that the appellate court could rule on whether the contract at issue was proprietary or governmental. *Wasson Interests, Ltd. v. City of Jacksonville*, 559 S.W.3d 142 (Tex. 2019). On remand, the appellate court found for the City of Jacksonville by holding the contract claim arose from the City’s performance of a governmental function, and thus the claim was barred by immunity. After granting Wasson’s petition for review of the appellate decision, the Court held that to determine if the City was engaged in a proprietary or governmental function, the focus of the inquiry is on the nature of the contract at the time of execution, not the nature of the breach at the time of the breach.

The City is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such provision is subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce any remedies under the Ordinance would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of the federal or state court); and Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen, or lost, a new Bond, in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon presentation and surrender of such mutilated Bond to the Paying Agent/Registrar. The City or the Paying Agent/Registrar may require the owner to pay all expenses and charges in connection therewith. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only once the owner (a) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond, (b) furnishes security or indemnity as may be required by the Paying Agent/Registrar and the City, (c) pays all expenses and charges in connection therewith and (d) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

SELECTED PROVISIONS OF THE ORDINANCE

The following summary of selected provisions of the Ordinance does not purport to be complete. All references and summaries pertaining to the Ordinance in this Official Statement are, separately and in whole, qualified by the exact terms of the Ordinance, a copy of which may be obtained from the City. Provisions summarized herein may change prior to pricing and may thereafter be amended in accordance with the terms of the Ordinance.

Definitions

The following terms have the meanings set forth in the Ordinance, unless the context clearly indicates otherwise:

“*Additional Parity Obligations*” means all Parity Obligations hereafter issued or incurred by the City pursuant to the provisions of the Ordinance.

“*Annual Debt Service Requirements*” means, for any fiscal or calendar year, an amount equal to the Debt Service of the particular Parity Obligations for which computation is being made, which will become due and payable during such annual period.

“*Average Annual Debt Service Requirements*” means the quotient obtained by dividing (i) the sum of the Debt Service of the particular Parity Obligations for which computation is being made which, on the date of such computation, are Outstanding within the meaning of the Ordinance from the date of computation to the date such Parity Obligations are to be paid by (ii) the number of years (or fractions thereof) from the interest payment date next preceding the date of computation to the date of final maturity of such Parity Obligations.

“*Balloon Obligations*” means Parity Obligations of a particular issue or series of Parity Obligations of which 25% or more of the principal or maturity amount of the same issue or series matures in the same year and is not required to be amortized below such percentage by payment or redemption prior to that year. An ordinance authorizing the issuance of Parity Obligations to be treated as Balloon Obligations shall designate such Parity Obligations as Balloon Obligations. Parity Obligations that include a put feature, a stepped-up interest rate and call right, or other similar obligation or right and incentive to refund may be treated as Balloon Obligations maturing in the year of the put, stepped-up interest rate, or other incentive if such Parity Obligations are designated as Balloon Obligations in the ordinance authorizing their issuance.

“*Business Day*” means any day which is not a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close.

“Debt Service” means, for any given period, the principal of, premium, if any, interest and other payments on the Parity Obligations scheduled to become due and payable during such period subject to the following special rules:

- (a) Debt Service shall exclude interest which has been capitalized or for which amounts have been set apart in a dedicated fund or account;
- (b) Interest accruing on Parity Obligations issued as capital appreciation bonds or capital appreciation notes shall be treated as principal payable at maturity of such bonds or notes;
- (c) Interest (other than on capital appreciation bonds or notes) shall be deemed to accrue monthly and principal also shall be deemed to accrue monthly but only during the twelve months immediately preceding any scheduled principal payment (or during such shorter periods as may be appropriate if principal payments are more frequent than every twelve months);
- (d) Debt Service shall be calculated on the assumption that no Parity Obligations will cease to be Outstanding except by reason of payment on their scheduled payment dates, unless the City has affirmatively elected to prepay such obligations, and any demand features or put features exercisable by the holders of Parity Obligations or Parity Notes prior to scheduled payment dates shall not be taken into account in computation of Debt Service;
- (e) Debt Service on Parity Obligations which bear interest at variable or adjustable rates such that future rates cannot be ascertained, shall be calculated using a rate which shall be estimated and certified by the Authorized Officer or the officer of the City performing the duties of the Director of Finance as that rate which would have been borne by such Parity Obligations if on the date of certification they had been issued as twenty-five year obligations bearing a fixed rate of interest, but such interest rate shall not be less than the following: (i) if interest is excludable from gross income under the applicable provisions of the Internal Revenue Code, the most recently published Bond Buyer “Revenue Bond Index” (or comparable index if no longer published) plus fifty (50) basis points or (ii) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus fifty (50) basis points;
- (f) If any of the Parity Obligations constitute Balloon Obligations, then such amounts shall be treated as if such Obligations are refunded through the issuance of Parity Obligations having a twenty-five year level amortization bearing interest at the rates provided by paragraph (e) above, on the date of the earliest permitted exercise of the put feature, stepped-up interest rate and call feature or similar obligation or right and incentive to refund as further set forth in the ordinance authorizing a series of Balloon Obligations or the final maturity date of such Balloon Obligations, as the case may be;
- (g) Debt Service on Parity Notes, so long as their payment is secured by a Parity Credit Agreement, or issued under a Parity Credit Agreement that established a direct purchase note program or similar short-term or interim borrowing program during the term of such Parity Credit Agreement shall be computed on the assumption that the principal amount of such Parity Notes shall be financed and refinanced as if such principal amount were to be refinanced in the next ensuing Fiscal Year through the issuance of Parity Obligations having a twenty-five year level amortization bearing interest at the rates provided in paragraph (e) above;
- (h) Parity Credit Agreements shall not be deemed to impose any additional Debt Service by reason of the repayment or reimbursement obligations that they impose, but any periodic payments they require for the continued availability of the Parity Credit Agreement shall be included within the computation of Debt Service;
- (i) Debt Service on Parity Contract Obligations shall mean all amounts scheduled to be paid thereunder by the City other than for purposes that would qualify as Maintenance and Operation Expenses.

“Gross Revenues” means while any Outstanding Parity Obligations are Outstanding, all revenues, income and receipts of every nature derived or received by the City from the operation and ownership of the System and the interest income from the investment or deposit of money in the Revenue Fund, the Interest and Sinking Fund and the Reserve Fund and any other revenues hereafter pledged to the payment of all Parity Obligations.

When used with reference to the Bonds and any Additional Parity Obligations hereafter issued, Gross Revenues shall not include any of the following:

- (a) utility deposits and other funds collected by the City to which a third party holds a contractually based reversionary interest or other legal or equitable ownership interest;
- (b) payments received from the federal government, unless the City first receives an opinion from nationally recognized bond counsel to the effect that such payments, if included in Gross Revenues, would not adversely affect the excludability of the interest on any Parity Obligations the interest on which is otherwise excludable from gross income for federal income tax purposes;
- (c) the proceeds of any Parity Obligations;
- (d) any monies received as grants, appropriations, or gifts unless they are designated by official action of the City Council at the time of receipt as being included as part of Gross Revenues; and
- (e) the revenue or income derived from a contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities that are pledged for the requirements of the obligations issued to finance Special Projects or the revenue or income derived from the operation of such Special Projects, unless otherwise provided by City Council.

“Interest and Sinking Fund” means the interest and sinking fund for payment of principal of and interest on the Bonds.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of stated maturity or prior redemption, such dates being February 1 and August 1 of each year, commencing on February 1, 2027.

“Maintenance and Operation Expenses” means the reasonable and necessary expenses of operation and maintenance of the System, including all salaries, labor, materials, repairs and extensions necessary to provide efficient service (but only such repairs and extensions as, in the judgment of the City Council, are necessary to (i) keep the System in operation and provide adequate service to the City and its residents, or (ii) respond to a physical accident or condition which would otherwise impair the System), which expenses include payments to the City’s general fund or other funds for expenses, salaries, materials and labor associated with the operation and maintenance of the System, and all payments under contracts now or hereafter defined as operating expenses by the Legislature of the State. Maintenance and Operation Expenses shall specifically exclude the following:

- (a) any allowance for depreciation, property retirement, depletion, or obsolescence;
- (b) other items not requiring an outlay of cash;
- (c) so long as payments received from the federal government are excluded from Gross Revenues, an amount of expenses that would otherwise constitute Maintenance and Operation Expenses for such period equal to the payments received from the federal government for such period to the extent that the payments received from the federal government are used to pay such expenses; and
- (d) so long as monies received as grants, appropriations or gifts are excluded from Gross Revenues, an amount of expenses that would otherwise constitute Maintenance and Operation Expenses for such period equal to such grants, appropriations or gifts to the extent that they are used to pay such expenses.

“Net Revenues” shall mean all Gross Revenues remaining after deducting the Maintenance and Operation Expenses.

“Ordinance” means the bond ordinance authorizing the City’s Water and Sewer System Revenue Bonds, Series 2026 and all amendments and supplements thereto.

“Outstanding” when used with respect to Parity Obligations means, as of the date of determination, all Parity Obligations authenticated and delivered under the Ordinance, except:

- (a) Parity Obligations theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

- (b) Parity Obligations for whose payment or redemption money or securities authorized for that purpose under Texas law shall have theretofore been deposited with the Paying Agent/Registrar or any paying agent or escrow agent for such Parity Obligations in trust for the Owners of such Parity Obligations pursuant to the Ordinance; provided, that, if such Parity Obligations are to be redeemed, notice of such redemption has been duly given or waived pursuant to the Ordinance or irrevocable provision for the giving of such notice satisfactory to the Paying Agent/Registrar has been made pursuant to the Ordinance; and
- (c) Parity Obligations upon transfer of or in exchange for or in lieu of which other Parity Obligations have been authenticated and delivered pursuant to the Ordinance.

“Owner” when used with respect to any Bond, means the person or entity in whose name such Bond is registered in the Register. Any reference to a particular percentage or proportion of the Owners means the Owners at a particular time of the specified percentage or proportion in aggregate principal amount of all Bonds then Outstanding under the Ordinance, exclusive of Bonds held by the City.

“Parity Bonds” means the Bonds, the Series 2018 Bonds, the Series 2019 Bonds, the Series 2020 Bonds, the Series 2021 Bonds, the Series 2022 Bonds, the Series 2023 Bonds, and each series of Additional Parity Obligations from time to time hereafter issued, but only to the extent such Parity Bonds remain Outstanding.

“Parity Contract Obligations” means capitalized lease obligations, installment purchase agreements, purchase contracts or other contract agreements to acquire, purchase, improve or install facilities of the System, other than goods and services that are acquired in the ordinary course of business, that are shown on the liability side of the balance sheet under generally accepted accounting principles and are secured by a first lien on and a pledge of Net Revenues.

“Parity Credit Agreements” means all Parity Credit Agreements to which the City is a party as permitted in the Ordinance.

“Parity Notes” means all Parity Notes issued by the City from time to time pursuant to the Ordinance.

“Parity Obligations” means any Parity Bonds, Parity Notes, and Parity Contract Obligations, Parity Credit Agreements issued or incurred by the City.

“Paying Agent/Registrar” initially means Zions Bancorporation, National Association, d/b/a Amegy Bank Division, Houston, Texas, and any successors thereto as provided in the Ordinance.

“Record Date” means, for any Interest Payment Date, the fifteenth day of the month next preceding each Interest Payment Date.

“Register” means the books of registration kept by the Paying Agent/Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Reserve Fund Surety Obligation” means (i) any surety bond or insurance policy having a rating in one of the three highest generic rating categories by one of Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or Fitch Ratings, Inc. (or if such entities are no longer in existence, by comparable services), issued to the City for the benefit of the Owners of the Parity Obligations (or a particular issue or series of Parity Obligations) to satisfy any part of the Reserve Fund Requirement, if any, for such Parity Obligations (or a particular issue or series of Parity Obligations); and (ii) to the extent allowed by law, a letter or line of credit issued by any financial institution, provided that a rating agency having an outstanding rating on the Parity Obligations would rate the Parity Obligations in one or its three highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the series of Parity Obligations and the interest thereon.

“Reserve Fund Requirement” means the amount, if any, specified in a resolution authorizing Parity Obligations as the Reserve Fund Requirement or, if not so specified, \$0.

“Series 2018 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2018.

“Series 2019 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2019.

“Series 2020 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2020.

“Series 2021 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2021.

“Series 2022 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2022.

“Series 2023 Bonds” means the City’s Water and Sewer System Revenue Bonds, Series 2023.

“Series 2026 Project Fund” means the separate fund of the City established in the Ordinance.

“Special Project” means, to the extent permitted by law, any waterworks or sanitary sewer system property, improvement or facility declared by the City not to be part of the System and substantially all of the costs of acquisition, construction, and installation of which is paid from proceeds of a financing transaction other than the issuance of bonds payable from ad valorem taxes or Gross Revenues or Net Revenues of the System, and for which all maintenance and operation expenses are payable from sources other than the Gross Revenues or Net Revenues of the System.

“System” means all properties, facilities, improvements, equipment, interests, and rights constituting the water and sewer system of the City, including all future extensions, replacements, betterments, additions and improvements to the System. The System shall not include any Special Project.

Pledge and Source of Payment

In the Ordinance, the City covenants and agrees that all Gross Revenues of the System shall be deposited and paid into the special funds established for Parity Obligations, as provided in the Ordinance, and shall be applied in the manner set out therein, to provide for the payment of all Maintenance and Operation Expenses and to provide for the payment of principal, interest and any redemption premium of the Parity Obligations and all expenses of paying, securing and insuring the same. The Parity Obligations shall constitute special obligations of the City that shall be payable solely from, and shall be equally and ratably secured by a first lien on, the Net Revenues, as collected and received by the City, from the operation and ownership of the System, which Net Revenues shall, in the manner therein provided, be set aside for and pledged to the payment of the Parity Obligations in the Interest and Sinking Fund. For the additional benefit of the owners of the Parity Obligations that are Reserve Fund Participants, the City hereby further grants a lien on the Reserve Fund Participant Account of the Reserve Fund, as and to the extent provided in any subsequent ordinance authorizing such Parity Obligations. For the additional benefit of the owners of the Parity Obligations that are not Reserve Fund Participants, the City may create one or more additional separate accounts within the Reserve Fund and grant a lien on such accounts for the benefit of the Owners of such series of Parity Obligations, all as more particularly described in the Ordinance. However, the City is not required to establish any such accounts. Except with respect to the Reserve Fund Participant Account or the other separate accounts of the Reserve Fund described in the Ordinance or any applicable ordinance authorizing the issuance of Parity Obligations, all Parity Obligations shall be in all respects on a parity with and of equal dignity with one another.

The Bonds, together with any Additional Parity Obligations, are special obligations of the City, payable solely from the Net Revenues. The Owners of the Parity Obligations shall never have the right to demand payment out of any funds raised or to be raised by taxation.

The Net Revenues pledged by the Ordinance shall immediately be subject to the lien of this pledge without any physical delivery thereof or any further act, and the lien of this pledge shall be valid and binding as against all parties of any kind having a claim of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

Rates and Charges

So long as any Parity Obligations remain Outstanding, the City shall fix, charge and collect rates and charges for the use and services of the System which are fully sufficient to produce Net Revenues in each Fiscal Year of at least 115% of the Annual Debt Service Requirement scheduled to occur in such Fiscal Year on all Parity Obligations then Outstanding plus an amount equal to the sum of all deposits required to be made to the Reserve Fund in such Fiscal Year; but in no event shall Net Revenues ever be less than the amount required to maintain the Interest and Sinking Fund and the Reserve Fund as provided by the Ordinance, and, to the extent that funds for such purpose are not otherwise available, to pay all other outstanding obligations payable from the Net Revenues of the System, as and when the same become due.

The City will not grant or permit any free service from the System except for public buildings and institutions operated by the City.

Special Funds

The following special funds created, established, and confirmed shall be maintained and accounted for as hereinafter provided, so long as any Parity Obligations remain outstanding:

- (1) Water & Sewer System Operational Fund (the “Revenue Fund”);
- (2) Water and Sewer System Revenue Bonds Interest and Sinking Fund (the “Interest and Sinking Fund”); and
- (3) Water and Sewer System Revenue Bonds Reserve Fund (the “Reserve Fund”).

The Revenue Fund shall be maintained as a separate account on the books of the City. The Interest and Sinking Fund and the Reserve Fund shall be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City and shall constitute trust funds which shall be held in trust for the benefit of the Owners of the Parity Obligations and the proceeds of which shall be and are hereby pledged to the payment of the Parity Obligations. All of the Funds named above shall be used solely as provided in the Ordinance so long as any Parity Obligations remain Outstanding.

The City reserves the right to establish additional accounts and subaccounts within any fund as necessary or desirable in furtherance of the intents and purposes of the City. Each such account or subaccount within a fund shall be designated in a manner that indicates the identity of such fund and that distinguishes such account or subaccount from all other accounts and subaccounts established under the Ordinance.

The City reserves the right to establish one or more additional funds or accounts for such purposes as the City may determine from time to time, including, but not limited to the purposes of providing for the issuance of obligations that are secured by a lien on the Net Revenues of the System that are subordinate to that securing the Parity Obligations and the creation of reserves for any lawful City purpose.

Flow of Funds

All Gross Revenues of the System (except for interest and earnings on investments in the Reserve Fund and the Interest and Sinking Fund) shall be deposited as collected into the Revenue Fund. Money from time to time on deposit in the Revenue Fund shall be applied as follows in the following order of priority:

- (1) First, to pay Maintenance and Operation Expenses.
- (2) Second, to make all deposits into the Interest and Sinking Fund required by the Ordinance and any ordinance authorizing the issuance of Additional Parity Obligations.
- (3) Third, on a pro rata basis to the Reserve Fund Participant Account, if any, and each debt service reserve fund account of the Reserve Fund created by any ordinance authorizing the issuance of Parity Obligations, when and in the amounts required by the Ordinance and any ordinance authorizing Additional Parity Obligations.
- (4) Fourth, to make deposits to any funds and accounts designated for subordinate lien obligations by future action of the City Council.
- (5) Fifth, for (i) the payment of any certificates of obligation or general obligation bonds or refunding bonds issued for a System purpose or secured by a pledge of System Revenues that is not on parity with the Parity Obligations or any future obligations with a pledge of revenues superior to that securing such obligations, including, without limitation the City’s Outstanding Tax and Revenue Certificates of Obligation Series 2015, (ii) the payment of a franchise fee or similar charge for the benefit of operating the System as established by the City Council from time to time, (iii) the redemption prior to maturity of any Outstanding Parity Obligations or other obligations secured by or payable from revenues of the System, or (iv) any lawful System purpose.

Whenever the total amounts on deposit to the credit of the Interest and Sinking Fund and the Reserve Fund shall be equivalent to the sum of the aggregate principal amount of all Outstanding Parity Obligations plus the aggregate amount of all interest accrued and to accrue thereon, no further payments need be made into the Interest and Sinking Fund or the Reserve Fund and such Parity Obligations shall not be regarded as being Outstanding except for the purpose of being paid with money on deposit in such Funds.

Interest and Sinking Fund

On or before the last Business Day of each month so long as any Parity Obligations remain Outstanding, after making all required payments and provision for payment of Maintenance and Operation Expenses, there shall be transferred into the Interest and Sinking Fund from the Revenue Fund, such amounts as will be sufficient, when added to amounts already on deposit therein, to equal the aggregate amount of (i) Debt Service on all Parity Obligations accrued through such date, plus (ii) all charges and other costs and expenses relating thereto accrued through such date.

Money deposited to the credit of the Interest and Sinking Fund shall be used solely for the purpose of paying principal (at stated maturity or prior redemption or to purchase Parity Obligations issued as term bonds in the open market to be credited against mandatory redemption requirements), interest, any redemption premium and other amounts due on the Parity Obligations, plus all bank charges and other costs and expenses relating to such payment. On or before each payment date on the Parity Obligations, the City shall transfer from the Interest and Sinking Fund to the paying agent for the Parity Obligations amounts sufficient to make such payment.

Reserve Fund

General Information Regarding the Reserve Fund. The City reserves the right to establish and maintain as provided in the Ordinance a balance in the Reserve Fund Participant Account or other subaccount within the Reserve Fund equal to the Reserve Fund Requirement for Parity Obligations that are secured thereby as established in an ordinance authorizing such Parity Obligations. The City may establish and maintain a balance in the Reserve Fund Participant Account of the Reserve Fund equal to the Reserve Fund Requirement for the Parity Bonds that are secured thereby. Alternatively, within the Reserve Fund, subaccounts may be established pursuant to an ordinance authorizing a particular series of Parity Bonds into which the applicable Reserve Fund Requirement for the particular series of Parity Bonds that are not Reserve Fund Participants may be deposited. The City is not obligated to establish a Reserve Fund Requirement or utilize the Reserve Fund in connection with the issuance of any future series of Parity Obligations. **The Bonds are not a Reserve Fund Participant. No account has been established within the Reserve Fund for the benefit of the Bonds, and there is no Reserve Fund Requirement for the Bonds.**

The establishment of or any increase in the Reserve Fund Requirement resulting from the issuance of any Parity Obligations shall be specified in the ordinance authorizing the issuance of such Parity Obligations. The Reserve Fund Requirement shall, as provided in the resolution authorizing such Parity Obligations, be satisfied by depositing to the credit of the Reserve Fund Participant Account (in the case of Parity Obligations that are Reserve Fund Participants) or such other designated accounts, as applicable, (in the case of Bonds that are not Reserve Fund Participants) of the Reserve Fund (i) after making required transfers from the Revenue Fund into the Interest and Sinking Fund, transfers into the Reserve Fund from the Revenue Fund, in approximately equal monthly installments made on or before the last Business Day of each month following the month of delivery of such Parity Obligations, amounts sufficient to accumulate within sixty (60) months the Reserve Fund Requirement; (ii) proceeds of such Parity Obligations or other lawfully available funds in not less than the amount which, together with investment earnings thereon as estimated by the City, will be sufficient to fund fully the Reserve Fund Requirement by no later than the end of the period of time for which the payment of interest on such Parity Bonds has been provided out of proceeds of such Parity Obligations or investment earnings thereon as estimated by the City or from other lawfully available funds other than Net Revenues; or (iii) a Reserve Fund Surety Obligation that is in an amount equal to the amount required to be funded. Any downgrade of an issuer of a Reserve Fund Surety Obligation shall have no effect on the value of such instrument for the purposes of meeting the Reserve Fund Requirement and the City shall have no obligation to supplement or replace such Reserve Fund Surety Obligation or make additional cash contributions to the Reserve Fund as a result of such downgrade. The City further expressly reserves the right to substitute at any time a Reserve Fund Surety Obligation for any funded amounts in the Reserve Fund and to apply the funds thereby released for any lawful purpose, including without limitation any purpose for which Parity Obligations may be issued or in order to pay debt service on Parity Obligations (and with respect to funds on deposit in the Reserve Fund that are proceeds of the Parity Obligations, such released funds may only be used for any purpose for which Parity Obligations may be issued or in order to pay debt service on the Parity Obligations). The City also reserves the right to provide for the use of a Reserve Fund Surety Obligation in relationship to a series-specific debt service reserve requirement as may be required under any ordinance authorizing the issuance of Parity Obligations.

In any month in which any account of the Reserve Fund contains less than the applicable Reserve Fund Requirement (or so much thereof as shall then be required to be therein if the City has elected to accumulate the Reserve Fund Requirement for any series of Additional Bonds as above provided), then on or before the last Business Day of such month, after making all required transfers to the Interest and Sinking Fund, there shall be transferred on a pro rata basis into the Reserve Fund Participant Account (in the case of Parity Obligations that are Reserve Fund Participants) and such other designated accounts, as applicable, (in the case of Parity Obligations that are not Reserve Fund Participants) of the Reserve Fund from the Revenue Fund, such amounts as shall be required to permit the City to pay all obligations under Reserve Fund Surety Obligation allocable to the Reserve Fund Participant Account or such other designated accounts, as applicable, within a twelve (12) month period and such additional amounts as shall be sufficient to enable the City within a twelve (12) month period to reestablish in the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, as applicable, the Reserve Fund Requirement for the Parity Obligations secured thereby; provided, however, that in the event that such monthly transfer requirements ever exceed one-twelfth (1/12th) of the Maximum Annual Debt Service Requirements scheduled to occur in any future Fiscal Year on all Parity Obligations then Outstanding, any remaining required transfers shall be accomplished pursuant to the Ordinance. After such amounts have been accumulated in the Reserve Fund Participant Account and such other designated accounts (as described above), and so long thereafter as such accounts contain the Reserve Fund Requirement, no further transfers shall be required to be made into the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, and any excess amounts in such accounts shall be transferred to the Interest and Sinking Fund or such other Funds as may be permitted by federal tax law. But if and whenever the balance in the Reserve Fund Participant Account or such other designated accounts is reduced below the applicable Reserve Fund Requirement, monthly transfers to such accounts shall be resumed and continued in such amounts as shall be required to restore the Reserve Fund Participant Account or such other designated accounts within the Reserve Fund, as applicable, to such amount within a twelve (12) month period.

The Reserve Fund Participant Account shall be used to pay the principal of and interest on the Parity Bonds that are Reserve Fund Participants at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose (with the requirement that all cash and investments on deposit in such account be depleted before drawing upon any Reserve Fund Surety Obligation, unless provided otherwise in each of the Reserve Fund Surety Obligations allocable to the Reserve Fund Participant Account) and to repay amounts drawn under any Reserve Fund Surety Obligation allocable to such Reserve Fund Participant Account for such purpose, together with interest thereon, in accordance with the terms of the City's reimbursement obligations incurred in connection with such Reserve Fund Surety Obligation. The Reserve Fund Participant Account may also be used to make the final payments for the retirement or defeasance of all Parity Obligations then Outstanding that are secured thereby.

With respect to any Series of Parity Obligations that are not Reserve Fund Participants (such as the Bonds), any account created within the Reserve Fund for the benefit of such series of Parity Obligations shall be used to pay the principal and interest on such series of Parity Obligations at any time when there is not sufficient money available in the Interest and Sinking Fund for such purpose (with the requirement that all cash and investments on deposit in such account be depleted before drawing upon any Reserve Fund Surety Obligation, unless provided otherwise in each of the Reserve Fund Surety Obligations allocable to such account) and to repay amounts drawn under any Reserve Fund Surety Obligation allocable to such account for such purpose, together with interest thereon, in accordance with the terms of the City's reimbursement obligations incurred in connection with such Reserve Fund Surety Obligation. Any such account shall also be used to make the final payments for the retirement and defeasance of the series of Parity Obligations then Outstanding that are secured thereby.

The City directs and requires the Paying Agent/Registrar for any series of bonds benefitting from a Reserve Fund Surety Obligation to ascertain the necessity for claim or draw upon the applicable Reserve Fund Surety Obligation, and to provide notice to the issuer thereof in accordance with its terms and to make such claims or draws thereon as may be necessary to provide for the timely payment of principal of and interest on the Parity Obligations to which it pertains.

Deficiencies in Funds

If in any month there shall not be deposited into any Fund maintained pursuant to the Ordinance the full amounts required therein, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated money in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during the succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

Investment of Funds; Transfer of Investment Income

Money in the Revenue Fund, the Interest and Sinking Fund, and the Reserve Fund may, at the option of the City, be invested as permitted by law, including through a guaranteed investment contract authorized by Section 2256.015 of the Texas Government Code; provided that all such deposits and investments shall be made in such manner that the money within each Fund will be available at the proper time or times, and provided further that in no event shall such deposits or investments of money in the Reserve Fund mature later than the final maturity date of the Parity Obligations. Any obligation in which money is so invested shall be kept and held in the Fund from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Parity Obligations.

All interest and income derived from such deposits and investments shall be credited as received to the Fund from which the investment was made.

Additional Parity Bonds

The City reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Obligations or any other bonds, notes or obligations of the City issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Obligations payable from and secured by a first lien on the Net Revenues of the System on a parity with the Bonds and any Outstanding Parity Obligations. Additional Parity Obligations may mature on any date in any of the years in which they are scheduled to mature. Additional Parity Obligations may be issued if the following conditions have been met:

- (1) The Interest and Sinking Fund and the accounts within the Reserve Fund each contains the amount of money then required to be on deposit therein;
- (2) For either the preceding Fiscal Year or any consecutive 12-month period out of the 18-month period immediately preceding the month in which the ordinance authorizing such Additional Parity Obligations is adopted (the "Base Period"), either:
 - (a) Net Revenues of the System were equal to at least 115% of the Average Annual Debt Service Requirements on all Parity Obligations that will be Outstanding after the issuance of the series of Additional Parity Obligations then proposed to be issued, as certified by the City's Director of Finance or by an independent certified public accountant or firm of independent certified public accountants; or
 - (b) Net Revenues of the System, as adjusted to give effect to any rate increase for the System that has been in effect for at least 60 days prior to the adoption of the ordinance authorizing the issuance of the series of Additional Parity Obligations then proposed to be issued, to the same extent as if such rate increase had been in effect for the entire Base Period, would have been at least equal to the amount required in paragraph (a) above, as certified by an independent consulting engineer or independent firm of consulting engineers;

provided, however, that this requirement shall not apply to the issuance of any series of Additional Parity Obligations for refunding purposes that will have the result of reducing the Average Annual Debt Service Requirements on Parity Obligations or for the purpose of providing permanent financing for funds borrowed under a commercial paper program or direct purchase note program.

- (3) Provision is made in the bond ordinance authorizing the Additional Parity Obligations then proposed to be issued for appropriate additional or larger payments into the Interest and Sinking Fund in such additional amounts as are required by the payment of all principal of and interest on the Additional Parity Obligations as the same comes due.

Parity Notes

The City reserves the right to issue, for any lawful purpose for which it may issue Parity Obligations, Parity Notes payable from and secured by a first lien on and pledge of Net Revenues; provided, however, that no Parity Notes may be issued unless:

- (1) Each of the requirements under the subcaption "- Additional Parity Bonds" above have been satisfied; and

- (2) The payment of principal of and interest on the Parity Notes is guaranteed by or comparably secured by a Parity Credit Agreement or the Parity Notes are issued under a Parity Credit Agreement that establishes a direct purchase note program or similar short-term or interim borrowing program.

Parity Credit Agreements

To the extent permitted by law, the City reserves the right to enter into Parity Credit Agreements for the purpose of contracting with financial institutions to issue letters of credit, insurance policies, surety bonds, guarantees or other instruments to further secure Parity Obligations, Parity Notes and Parity Contract Obligations. The City may enter into Parity Credit Agreements for such purpose and secure its obligations under such Parity Credit Agreements, including its obligations to repay and reimburse the issuers of such Parity Credit Agreements for any advances or payments that they make, by a first lien on and pledge of the Net Revenues, on a parity with the other Parity Obligations; provided, however, that the City shall not enter into any Parity Credit Agreements unless:

- (1) The City's Director of Finance certifies in writing with respect to a letter of credit, insurance policy, surety bond, guarantee or similar instrument to further secure Parity Obligations, Parity Notes or Parity Contract Obligations that the acquisition and entering such Parity Credit Agreement will reduce the overall costs to the City with respect to the Parity Obligations, Parity Notes, or Parity Contract Obligations to be secured by such Parity Credit Agreement provided, however, that such a finding shall not be required in connection with a note purchase agreement that establishes a direct purchase note program or similar short-term or interim borrowing program; and;
- (2) The Parity Credit Agreement and all contracts and proceedings related thereto are approved by the Attorney General of Texas to the extent required by law.

Parity Contract Obligations

To the extent permitted by law, the City reserves the right to incur Parity Contract Obligations for any lawful purpose for which it may issue Parity Obligations and Parity Notes payable from and secured by a first lien on and pledge of Net Revenues; provided, however, that no Parity Contract Obligations may be incurred unless:

- (1) Each of the requirements (1) through (3) listed under the subcaption "Additional Parity Bonds" above been satisfied; and
- (2) The Parity Contract Obligation and all procedures related thereto are approved by the Attorney General of Texas to the extent required by law.

Subordinate Lien Bonds

The City reserves the right to issue, for any lawful purpose, bonds, notes or other obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the lien on the Net Revenues securing payment of the Parity Obligations. Such subordinate lien obligations may be further secured by any other source of payment lawfully available for such purposes.

Special Project Bonds

The City reserves the right to issue revenue bonds secured by liens on and pledges of revenues and proceeds derived from Special Projects.

Punctual Payment of Parity Bonds

The City will punctually pay or cause to be paid the interest on and principal of all Parity Obligations according to the terms thereof and will faithfully do and perform, and at all times fully observe, any and all covenants, undertakings, stipulations and provisions contained in the Ordinance and in any ordinance authorizing the issuance of Additional Parity Obligations.

Maintenance of System

So long as any Parity Obligations remain Outstanding, the City covenants that it will at all times maintain the System, or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the

same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound business principles. In operating and maintaining the System, the City will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body promulgating the same, noncompliance with which would materially and adversely affect the operation of the System.

Sale or Encumbrance of System

So long as any Parity Obligations remain Outstanding, the City will not sell, dispose of or, except as permitted in the Ordinance, further encumber the System; provided, however, that this provision shall not prevent the City from disposing of any portion of the System which is being replaced or is deemed by the City to be obsolete, worn out, surplus or no longer needed for the proper operation of the System.

Any agreement pursuant to which the City contracts with a person, corporation, municipal corporation or political subdivision to operate the System or to lease and/or operate all or part of the System shall not be considered as an encumbrance of the System.

Insurance

The City covenants and agrees that it will keep the System insured with insurers of good standing against risks, accidents or casualties against which and to the extent customarily insured against by political subdivisions of the State of Texas operating similar systems, to the extent that such insurance is available at a reasonable cost. The cost of all such insurance, together with any additional insurance, shall be a part of the Maintenance and Operation Expenses. All net proceeds of such insurance shall be applied to repair or replace the insured property that is damaged or destroyed, or to make other capital improvements to the System, or to redeem Parity Obligations.

Competition

To the extent it legally may, the City will not grant any franchise or permit for the acquisition, construction or operation of any competing facilities which may be used as a substitute for the System and will prohibit the operation of any such competing facilities.

Pledge and Encumbrance of Net Revenues

The City covenants and represents that it has the lawful power to create a lien on and to pledge the Net Revenues to secure the payment of the Parity Obligations and has lawfully exercised such power under the Constitution and laws of the State.

THE SYSTEM

Capital Improvement Plan

In 2021, the City engaged consultant services to draft a Wastewater Master Plan, Sanitary Sewer Evaluation Study (SSES) and a Water/Wastewater Rate Study. The Wastewater Master Plan was completed in 2022 and identified approximately \$116 million in utility projects to be completed over 20 years. Improvements are necessary to replace aging infrastructure, improve efficiency and keep the City compliant with the TCEQ regulations.

In September of 2022, the City completed a water and wastewater rate study to develop a multi-year plan of rate increases that provides for sufficient revenue to implement the first 5 years of capital improvements in the Wastewater Master Plan. The revenues would fund water and wastewater operations and maintenance, provide funds to pay annual principal and interest payments on the City's outstanding System Revenue debt and self-supporting general obligation debt, and maintain adequate debt service coverage ratios.

Major drivers for rate increase adjustments include the CIP for improvements which are necessary to provide for future growth, replace aging infrastructure, maintain reliable service, keep facilities in compliance with new regulations, and improve efficiency.

The Bonds constitute the seventh installment of bonds for the capital improvements outlined in the Utility Master Plan.

Revenue Bonds	Par Amount	Project Funds
Series 2018	\$ 9,200,000	\$ 9,295,000
Series 2019	15,245,000	16,200,000
Series 2020	16,430,000	17,740,000
Series 2021	4,630,000	4,800,000
Series 2022	24,440,000	25,570,000
Series 2023	24,115,000	24,670,000
Series 2026	\$ 32,500,000 *	32,500,000 *

*Preliminary, subject to change.

The Water System

The City owns and operates five ground water wells, three water plants with three ground storage tanks, three elevated storage tanks, and 168 miles of water distribution lines. The total pumping capacity of the wells is 5,805 gallons per minute (“GPM”) combined or a total plant capacity of 8 MGD per day. The average daily capacity is approximately 8.31 MGD (“MGD”) and the peak is 5 MGD. The City has 1.75 million gallons (“MG”) of elevated storage and 3.5 MG of ground storage. The System includes three booster stations with 10 booster pumps with a total capacity of 7,500 GPM. There are approximately 168 miles of water main, 2,783 fire hydrants, and 4,500 gallons of storage for chemical disinfection. The City maintains a twenty-year replacement program on the water meters.

Table 1 – Consumption

Water	Fiscal Year End September 30,				
	2025	2024	2023	2022	2021
Connections	10,636	10,355	9,981	9,080	9,013
Average Daily Consumption (MGD)	2.190	4.857	2.695	3.020	2.970
Storage Capacity (MGD)	8.31	8.31	8.31	8.31	8.31

Source: City of Alvin, Texas Annual Comprehensive Financial Report For Fiscal Year Ended 9/30/2025.

Table 2 -Ten Largest Water Customers (FYE 2025)

Customer	Type of Business	Water Usage in Gallons	Percent of Total Water Usage	Total Revenue
Brazoria County MUD 24	MUD	20,642,100	2.71%	\$ 348,426
Alvin Community College	Campus	12,335,500	1.62%	122,771
Alvin Community College	Campus	10,154,400	1.33%	101,944
Stonegate Housing	Apartments	9,062,000	1.19%	82,441
Meadow Park Apartments	Apartments	8,234,500	1.08%	76,359
Rockstar Steeplechase	Apartments	5,936,300	0.78%	64,103
Super Washateria	Laundromat	5,622,700	0.74%	59,548
TXAL Alvin MHP 2	Mobile Home Park	5,114,600	0.67%	50,832
Hillcrest Village	Apartments	4,921,400	0.65%	44,730
		4,744,700	0.62%	51,886
		86,768,200	11.4%	\$ 1,003,040

Total 2025 Water Usage in Gallons 760,694,578

Total 2025 Water Revenue \$ 7,972,732

Source: City of Alvin, Texas.

Table 3 - Monthly Water Rates

Water Rates - Monthly	FYE Sept. 30, 2024	FYE Sept. 30, 2025
Base up to 2,000 Gallons		
Residential	\$ 24.39	\$ 25.61
Commercial	25.59	26.87
Per 1,000 (2,001 - 7,000)	6.23	6.54
Per 1,000 (7,001 - above)	9.52	10.00

Outside City Limits: one and one-half times the charge applied

inside city limits for the same water usage.

Bulk water fee is \$30.00 per 1,000 gallons.

Source: City of Alvin, Texas.

The Sewer System

The City's Wastewater Treatment System is composed of a collection system completely within the City limits that collects all general municipal wastewater, and conveys it to the City's single wastewater treatment plant where it is treated and effluent is released to nearby Mustang Bayou. All flow collected in the Wastewater Treatment System and treated at the wastewater treatment plant is produced within the City limits. The City has a wastewater collection system with one wastewater treatment plant and approximately 160 miles of gravity lines and 44 lift stations.

The wastewater treatment plant is currently permitted by the TCEQ for 5 (MGD). Currently the average daily flow in 2026 is 4.1 MGD. The daily average flow is expected to be 5.59 MGD in 2035. The City has twelve flow monitors and uses a 24-hour dry and wet weather modeling calibration system.

Table 4 – Consumption

<u>Sewer</u>	<u>Fiscal Year End September 30,</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Connections ^(a)	10,636	10,355	9,981	9,080	9,013
Average daily sewage treatment (MGD)	3.208	3.305	4.049	2.064	4.043
Treatment capacity (MGD)	5	5	5	5	5

(a) Assumes total number of water customers.

Source: City of Alvin, Texas Annual Comprehensive Financial Report For Fiscal Year Ended 9/30/2025.

Table 5 – Ten Largest Sewer Customers (FYE2025)

<u>Customer</u>	<u>Type of Business</u>	<u>Sewer Usage in Gallons</u>	<u>Sewer Usage in Revenues</u>	<u>Percent of Total Sewer Revenues</u>
Alvin Community College	Campus	12,335,500	\$ 80,710	0.94%
Alvin Community College	Campus	10,154,000	66,681	0.78%
Stonegate Housing	Apartments	9,062,000	108,753	1.27%
Meadow Park Apartments	Apartments	8,234,500	101,879	1.19%
Rockstar Steeplechase	Apartments	5,936,300	92,699	1.08%
Rockstar Huntington Oaks	Apartments	5,922,700	85,311	0.99%
Super Washateria	Laundromat	5,114,600	33,659	0.39%
TXAL Alvin MHP 2	Apartments	4,921,400	58,991	0.69%
Hillcrest Village	Apartments	4,744,700	75,463	0.88%
Oaks at Mustang	Apartments	4,635,100	60,039	0.70%
		71,060,800	\$ 764,185	8.90%

Total Sewer Usage in Gallons 674,089,507

Total Sewer Revenue \$ 8,590,043

Source: City of Alvin, Texas.

Table 6 – Monthly Sewer Rates

<u>Sewer Rates - Monthly</u>	<u>FYE Sept. 30, 2024</u>	<u>FYE Sept. 30, 2025</u>
Base up to 2,000 Gallons		
Residential	\$ 37.81	\$ 39.70
Commercial	38.90	40.85
Per 1,000 (2,001 - above)	6.23	6.54

Outside City Limits: one and one-half times the charge applied inside city limits for the same water usage.

Bulk water fee is \$30.00 per 1,000 gallons.

Source: City of Alvin, Texas.

SELECTED ISSUER INFORMATION

Table 7 - Outstanding Revenue Bonds

The following table sets forth the principal amounts of the City's outstanding revenue debt including the Bonds.

<u>Total Outstanding System Debt as of October 1, 2026</u>	<u>Amount Outstanding</u>
Water and Sewer System Revenue Bonds, Series 2018	\$ 5,570,000
Water and Sewer System Revenue Bonds, Series 2019	9,890,000
Water and Sewer System Revenue Bonds, Series 2020	12,105,000
Water and Sewer System Revenue Bonds, Series 2021	3,690,000
Water and Sewer System Revenue Bonds, Series 2022	20,765,000
Water and Sewer System Revenue Bonds, Series 2023	21,695,000
Total	<u>\$ 73,715,000</u>
Plus: The Bonds	<u>32,500,000 *</u>
	<u>\$ 106,215,000 *</u>

*Preliminary, subject to change.

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Table 8 – Pro-Forma Debt Service Schedule

The following table sets forth the debt service requirements on the City's outstanding System Revenue debt including the Bonds.

FYE 9/30	Outstanding System Revenue Debt Service	The Bonds *				Total Revenue Debt Service*
		Principal	Interest Rate ^(a)	Interest ^(a)	Total*	
2026	\$ 7,808,125	\$ -	-	\$ -	\$ -	\$ 7,808,125
2027	7,574,525	1,440,000	5.00%	1,147,792	2,587,792	10,162,317
2028	7,336,050	1,635,000	5.00%	1,532,550	3,167,550	10,503,600
2029	7,098,494	1,635,000	5.00%	1,450,800	3,085,800	10,184,294
2030	6,877,313	1,635,000	5.00%	1,369,050	3,004,050	9,881,363
2031	6,668,813	1,635,000	5.00%	1,287,300	2,922,300	9,591,113
2032	6,471,047	1,635,000	5.00%	1,205,550	2,840,550	9,311,597
2033	6,286,241	1,635,000	5.00%	1,123,800	2,758,800	9,045,041
2034	6,111,569	1,635,000	5.00%	1,042,050	2,677,050	8,788,619
2035	5,942,416	1,635,000	5.00%	960,300	2,595,300	8,537,716
2036	5,772,141	1,635,000	5.00%	878,550	2,513,550	8,285,691
2037	5,602,147	1,635,000	5.00%	796,800	2,431,800	8,033,947
2038	5,443,266	1,635,000	5.00%	715,050	2,350,050	7,793,316
2039	4,832,434	1,635,000	5.00%	633,300	2,268,300	7,100,734
2040	3,935,425	1,635,000	5.00%	551,550	2,186,550	6,121,975
2041	2,963,109	1,635,000	5.00%	469,800	2,104,800	5,067,909
2042	2,858,819	1,635,000	5.25%	386,006	2,021,006	4,879,825
2043	2,526,219	1,635,000	5.25%	300,169	1,935,169	4,461,388
2044	1,230,606	1,635,000	5.25%	214,331	1,849,331	3,079,938
2045	-	1,635,000	5.25%	128,494	1,763,494	1,763,494
2046	-	1,630,000	5.25%	42,788	1,672,788	1,672,788
2047	-	-	-	-	-	-
Total	\$ 103,338,757	\$ 32,500,000		\$ 16,236,029	\$ 48,736,029	\$ 150,401,998

(a) Interest rate and interest calculation shown for illustrative purposes only.

Note: In addition, the City currently pays a portion of its outstanding tax debt from the net revenues of the water and sewer system and other City revenues. See "SELECTED ISSUER INFORMATION - Table 12 - Outstanding Self-Supporting General Obligation Debt" for additional information.

*Preliminary, subject to change.

Table 9 – Coverage and Fund Balance**System Revenue Debt Service Coverage ^{(a)*}**

Maximum Annual Debt Service Requirements (2028)	\$ 10,503,600
Average Annual Debt Service Requirements (2026-2046)	\$ 7,241,656
Net Revenues Available for Debt Service (9/30/2025)	\$ 11,235,535
Debt Service Coverage - Average Annual Debt Service	1.55
Debt Service Coverage - Maximum Annual Debt Service	1.07

(a) Includes the Bonds.

*Preliminary, subject to change.

Table 10 - Historical Operations of the Water and Sewer Fund

The following statement sets forth in condensed form the historical operations of the City's Water and Sewer Fund. Such information has been prepared based upon information obtained from the City's audited financial statements and other information provided by the City.

	Fiscal Year Ending September 30,				
	2025	2024	2023	2022	2021
<u>Operating Revenues</u>					
Water service	\$ 8,558,219	\$ 7,627,287	\$ 6,997,656	\$ 6,161,172	\$ 5,685,319
Sewer service	8,776,203	8,008,020	7,167,075	6,489,771	6,153,615
Other	1,877,097	1,305,008	1,926,440	833,819	1,529,497
Total Operating Revenues	19,211,519	16,940,315	16,091,171	13,484,762	13,368,431
<u>Operating Expenses</u>					
Water service	5,251,207	3,171,493	2,721,322	2,168,240	1,528,201
Sewer service	5,795,764	3,871,655	4,973,964	3,502,197	2,333,293
Depreciation	3,278,237	2,101,273	1,770,822	2,079,366	2,022,211
Total Operating Expenses	14,325,208	9,144,421	9,466,108	7,749,803	5,883,705
Operating Income	4,886,311	7,795,894	6,625,063	5,734,959	7,484,726
<u>Nonoperating Revenues (Expenses)</u>					
Intergovernmental	-	15,948	440,249	452,553	77,877
Gain on sale of capital assets	-	-	-	-	-
Investment revenue	3,070,987	3,629,226	2,677,640	403,144	68,434
Interest and fiscal agent fees	(3,336,596)	(3,593,693)	(2,636,605)	(2,799,579)	(2,035,656)
Total Nonoperating Revenues (Expenses)	(265,609)	51,481	481,284	(1,943,882)	(1,889,345)
Income Before Contributions and Transfers	4,620,702	7,847,375	7,106,347	3,791,077	5,595,381
Transfers In (Out) and Capital Contribution					
Capital contribution	-	8,591,090	2,688,691	-	1,268,297
Transfers in	-	-	-	3,482,865	6,473,241
Transfers out ^(b)	(802,055)	(1,024,246)	(964,376)	(4,195,470)	(7,306,428)
Total Contributions and Transfers	(802,055)	7,566,844	1,724,315	(712,605)	435,110
Change in Net Position	3,818,647	15,414,219	8,830,662	3,078,472	6,030,491
Beginning net position	69,365,078	53,950,859	45,120,197	42,041,725	36,011,234
Ending net position	\$ 73,183,725	\$ 69,365,078	\$ 53,950,859	\$ 45,120,197	\$ 42,041,725

(a) FYE2021 transfer in and out is an internal reconciliation per the City's auditor.

(b) Transfers out to the Debt Service Fund to pay principal and interest on the City's outstanding System Revenue debt and self-supporting general obligation debt.

Table 11 - Water and Sewer System Net Revenues Available for Debt Service

	Fiscal Year End September 30,				
	2025	2024	2023	2022	2021
Gross Revenues					
Operating Revenues	\$ 19,211,519	\$ 16,940,315	\$ 16,091,171	\$ 13,484,762	\$ 13,368,431
Investment Revenue	3,070,987	3,629,226	2,677,640	403,144	68,434
Total ^(a)	22,282,506	20,569,541	18,768,811	13,887,906	13,436,865
Operating Expenses	14,325,208 ^(d)	9,144,421	9,466,108	7,749,803	5,883,705
Less: Depreciation	(3,278,237)	(2,101,273)	(1,770,822)	(2,079,366)	(2,022,211)
Operating Expenditures ^(b)	11,046,971	7,043,148	7,695,286	5,670,437	3,861,494
Net Revenues	11,235,535	13,526,393	11,073,525	8,217,469	9,575,371
Outstanding Revenue Debt Service	8,041,725	6,627,558	4,841,823	3,559,925	2,494,734
Total Revenue Debt Service	\$ 8,041,725	\$ 6,627,558	\$ 4,841,823	\$ 3,559,925	\$ 2,494,734
Coverage ^(c)	1.40	2.04	2.29	2.31	3.84
Connections	10,636	10,355	9,981	9,080	9,013

(a) Total revenues including interest.

(b) Total operating expenses less depreciation.

(c) Coverage excludes self-supporting General Obligation Debt.

(d) 2025 expenses include approximately \$4 million in bond project expenditures.

Table 12 - Outstanding Self-Supporting General Obligation Debt

The City's current policy is to pay debt service on a portion of the City's outstanding debt issued for certain utility system purposes from revenues of the System rather than from ad valorem taxes. Although the foregoing policy is taken into consideration in the setting of each year's tax rate in the budget process and in the calculations contained herein, the City may modify or eliminate such policy as it may deem appropriate in future years. The City presently intends to continue such policy. Under the Ordinance, Net Revenues of the System available after paying debt service on Parity Bonds and making any required deposits to any funds or accounts in the Reserve Fund established for the benefit of one or more series of Parity Bonds are used for such purposes. See "SELECTED PROVISIONS OF THE ORDINANCE – Flow of Funds."

Outstanding Self-Supporting Tax Debt as of October 1, 2026	Total General Obligation Debt Par Amount Outstanding ^(a)	General Obligation Debt Paid from the Net Revenues of the System
General Obligation Refunding Bonds, Series 2013	\$ 2,200,000	\$ 2,200,000
Tax & Revenue Certificates of Obligation, Series 2015	5,250,000	5,250,000
General Obligation Refunding Bonds, Series 2017	2,140,000	529,650
Total	\$ 9,590,000	\$ 7,979,650

(a) Represents, outstanding general obligation debt for which a portion of debt is treated as self-supporting from the net revenues of the water and sewer system.

Total Outstanding Utility System General Obligation Debt Service & System Revenue Debt Service ^{(a)(b)*}	
Average Annual Debt Service (2026-2046)	\$ 7,668,514
Maximum Annual Debt Service (2028)	\$ 12,019,518

(a) Includes System Revenue Obligations and Self-Supporting General Obligation Debt currently paid from revenues of the System. Self-Supporting Utility System General Obligation Debt is paid from Net Revenues available after paying debt service on the Outstanding Parity Obligations, funding any Reserve Fund on Parity Obligations and making deposits to any fund and accounts designated for subordination lien obligations, if any. The payment of debt service on such General Obligation Debt from System revenues as opposed to other city revenues or ad valorem taxes is a policy determined by City Council.

(b) Includes the Bonds.

*Preliminary, subject to change.

GENERAL FINANCIAL INFORMATION

Financial Policies

Basis of Accounting. The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Governmental resources are allocated and accounted for in the individual funds based upon the purposes for which they are utilized and the means by which spending activities are controlled. All proprietary funds are accounted for using the accrual basis of accounting. See "Selected Data from Comprehensive Annual Financial Report, City of Alvin, Texas Fiscal Year Ended September 30, 2025" attached hereto as Appendix B.

General Fund. The general fund is used to account for all financial transactions not properly includable in other funds. It is the policy of the City to achieve and maintain an unassigned general fund balance equal to 25% (approximately 3 months) of expenditures.

Debt Service Fund. 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.

Special Revenue Funds. The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Permanent Funds. Permanent funds are governmental funds which are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

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 of providing goods and services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Internal Service Funds. Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Deposits and Investments

The City may invest its investable funds (including bond proceeds and money pledged to the payment of or as security for bonds or other indebtedness issued by the City or obligations under a lease, installment sale, or other agreement of the City) in investments authorized by State law in accordance with investment policies approved by the Mayor and City Council of the City. Both State law and the City's investment policies are subject to change.

Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or 15 insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the City selects from a list the governing body or a designated investment committee of the City adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the City selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the City's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the City appoints as the City's custodian of the banking deposits issued for the City's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for City deposits, or (ii) certificates of deposits where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized,

a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding 16 asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above other than the prohibited obligations described below, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service if the governing body of the City authorizes such investment in the particular pool by order, ordinance, or resolution and the investment pool complies with the requirements of Section 2256.016, Texas Government Code. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Investment Policies. Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

Additional Provisions. Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the governing body of the City; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City’s investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City’s investment policy; (5) provide specific investment training for the treasurer, chief financial officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict the investment in mutual funds in the aggregate to no more than 80% of the City’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and further restrict the investment in non-money market mutual funds of any portion of bond proceeds, reserves and funds held for debt service and to no more than 15% of the entity’s monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments. As of September 1, 2026 the City had \$112,422,562.59 invested in cash and investments.

As of such date, the market value of such investments (as determined by the City by reference to published quotations, dealer bids, and comparable information) was approximately 100% of their book value. No funds of the City are invested in derivative securities, *i.e.*, securities whose rate of return is determined by reference to some other instrument, index, or commodity.

LEGAL MATTERS

Legal Opinions

The Bonds are offered when, as and if issued, subject to the approval by the Attorney General of the State and the rendering of the opinion by Bracewell LLP, Houston, Texas, as Bond Counsel for the City.

The City will furnish the Initial Purchaser with a complete transcript of proceedings held incident to the authorization and issuance of the Bonds, including the approving opinion of the Attorney General of the State of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State, to the effect that the Bonds are valid and legally binding Bonds of the City under the Constitution and laws of the State. The City will also furnish the approving legal opinion of Bond Counsel in substantially the form attached hereto as Appendix C.

In its capacity as Bond Counsel, Bracewell LLP, Houston, Texas, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. Bond Counsel’s role in connection with the Official Statement was limited to reviewing the information describing the Bonds in the Official Statement to verify that such descriptions conform to the provisions of the Ordinance. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein.

The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the book-entry-only system.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Litigation

The City is exposed to various risks of losses related to torts, theft of, damage to and destruction of fixed assets; error and omissions; injuries to employees; and natural disasters. The City has obtained commercial insurance coverage for these risks and provided various employee education and prevention programs. Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

No-Litigation Certificate

The City will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by an appropriate official of the City, to the effect that no litigation of any nature is then pending or threatened in any court, restraining or enjoining the issuance or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceeding for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

The following discussion of certain federal income tax consideration is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United State and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City, and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the City and such parties, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Ordinance upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to

reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

Additional Federal Income Tax Considerations

Collateral Tax Consequences...Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including, but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interests on the Bonds.

Tax Accounting Treatment of Original Issue Premium...If the issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Accounting Treatment of Original Issue Discount...If the issue price of a maturity of the Bonds is less than stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"), the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the

captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner’s basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB. Information will be available free of charge via the Electronic Municipal Market Access System at www.emma.msrb.org.

Annual Reports

The City will provide to the MSRB (1) within six (6) months after the end of each Fiscal Year of the City ending in and after 2026, financial information and operating data with respect to the City of the general type (and to the extent such financial information and operating data is provided by a third party, to the extent that such information is made available) included in this Official Statement in tables numbered 1-12 and including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded fiscal year or such other accounting principles as the City may be required to employ, from time to time, by State law or regulation, and

(ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC"). The City's current fiscal year end is September 30. Accordingly, it must provide updated information by the end of March in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to the Ordinance.

Event Notices

The City will also provide to the MSRB notices of certain events on a timely basis no later than 10 business days after the event. The City will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of the trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

Neither the Bonds nor the continuing disclosure agreement make any provision for liquidity enhancement, the funding of debt service reserves or the appointment of a trustee. In addition, the City will provide timely notice of any failure by the City to provide annual financial information, data or financial statements in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to the MSRB in an electronic format, as prescribed by the MSRB.

For these purposes, (A) any event described in the subsection (12) in the paragraph above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, (B) as used in subsections (15) and (16), "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule, and (C) the City intends the words used in paragraphs (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

The City will provide timely notice of any failure by the City to provide annual financial information, data or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

All such information described above must be filed with the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. The City has agreed to provide the foregoing information only to the MSRB through EMMA.

Limitations and Amendments

The City has agreed to update information and to provide notices of certain specified events only as described above. The City shall be obligated to observe and perform such obligations for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any bond calls and any defeasances that cause the City to be no longer an obligated person.

The provisions of the City’s continuing disclosure undertaking are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in the City’s continuing disclosure undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City has undertaken to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide as described above and has not undertaken to provide any other information that may be relevant or material to a complete presentation of the City’s financial results, condition, or prospects or undertaken to update any information provided, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell the Bonds at any future date.

Under no circumstances shall the City be liable to the owner or beneficial owner of any Bond or any other person, in contract or tort, for damages resulting in whole or in part from any breach by the City, whether negligent or with or without fault on its part, of any covenant specified in its undertaking, and any right and remedy of any such person, in contract or tort, for or on account of any such breach shall be limited to an action for mandamus or specific performance. No default by the City in observing or performing its obligations under its continuing disclosure undertaking shall constitute a breach of or default under the Ordinance for purposes of any other provisions of the Ordinance. Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The City may amend its continuing disclosure undertaking from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of undertaking, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment or (B) an entity or individual person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of the City’s undertaking may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City’s right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of its undertaking, it shall include with any amended financial information or operating data next provided as described in “Annual Reports”, above, an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Compliance with Prior Undertakings

During the past five years, the City has not failed to comply in any material respect with its continuing disclosure agreement made in accordance with Rule 15c2-12.

WEATHER EVENTS

The City is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by rain events, hurricanes, tropical storms, and other tropical disturbances. If a weather-related event were to significantly damage all or part of the improvements within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the City’s tax rate. Texas law relaxes limitations on increases in property tax rates without voter approval upon the occurrence of certain natural disasters such as floods and upon a gubernatorial or presidential declaration of disaster. See “AD VALOREM PROPERTY

TAXATION – Public Hearing and Maintenance and Operations Tax Rate Limitation.” Further, there can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or property owners will choose to carry flood insurance), any insurance company will fulfill its obligations to provide insurance proceeds or that insurance proceeds will be used to rebuild or repair damaged improvements within the City. Even if insurance proceeds are available and improvements are rebuilt, there could be a period of time in which assessed values within the City would be adversely affected.

EXPOSURE TO OIL AND GAS INDUSTRY

In the past, the greater Houston area has been affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers, housing starts and property values.

OTHER INFORMATION

Ratings

S&P Global Ratings, a division of S&P Global Inc. (“S&P”) has assigned its municipal bond rating of “A+/Negative” to the Bonds without regard to credit enhancement. An explanation of the rating may be obtained from S&P. The rating reflects only the view of S&P and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

USCA Municipal Advisors, LLC (“USCA” or the “Financial Advisor”), a wholly owned subsidiary of U.S. Capital Wealth, LLC, is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor’s fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. USCA, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

USCA has reviewed the information in this Official Statement in accordance with its responsibilities to the City and, as applicable, to investors under federal securities laws as applied to the facts and circumstances of this transaction, but USCA does not guarantee the accuracy or completeness of such information.

Initial Purchaser

After requesting competitive bids for the Bonds, the City has accepted a bid tendered by _____ (the “Initial Purchaser”) to purchase the Bonds at the rates shown on page ii of this Official Statement at a price of \$ _____ which includes the principal amount of the Bonds and a cash premium of \$ _____. No assurance can be given that any trading market will be developed for the Bonds after their initial sale by the City. The City has no control over the prices at which the Bonds will initially be re-offered to the public.

BOND INSURANCE

The City has made an application for qualification for the issuance of a municipal bond insurance policy in conjunction with the issuance of the Bonds. Should the Initial Purchaser elect to purchase municipal bond insurance for the Bonds, the premium is the responsibility of the Initial Purchaser.

Bond Insurance Risk Factors

The City has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Initial Purchaser has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased from a bond insurance company (the “Bond Insurer”) the following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy may not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the City which is recovered by the City from the Bond owner as a voidable preference under applicable bankruptcy law may be covered by the Policy, however, such payments may be made by the Bond Insurer at such time and in such amounts as would have been due absent such prepayment by the City unless the Bond Insurer chooses to pay such amounts at an earlier date.

Principal of and interest on the Bonds is not subject to acceleration, but other legal remedies upon the occurrence of non-payment may exist (see "THE BONDS – Remedies in the Event of Default").

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from moneys pledged pursuant to the Ordinance. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

If a policy is acquired by the City, the long-term ratings on the Bonds will be dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of the Bond Insurer are contractual obligations of the Bond Insurer and in an event of default by the Bond Insurer the remedies available to the bondholder may be limited by applicable bankruptcy law or other similar laws related to insolvency of insurance companies.

Neither the City nor the Initial Purchaser have made independent investigation into the claims-paying ability of any potential Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to pay principal and interest on the Bonds and the claims-paying ability of the Bond Insurer, particularly over the life of the Bonds.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

S&P, Moody's Investor Services, Inc. and Fitch Ratings (the "Rating Agencies") have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. In addition, certain events in the credit markets have had substantial negative effects on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims-paying ability of such bond insurers, including any bond insurer of the Bonds.

GENERAL CONSIDERATIONS

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the City of an issue price certificate executed and delivered by the Initial Purchaser within five business days of the date of initial delivery of the Bonds, or at such earlier date specified in the Official Notice of Sale and Bidding Instructions. The City has no control over trading of the Bonds after a bona fide public offering of the Bonds is made by the Initial Purchaser at the yields specified on the inside cover page of this Official Statement. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

Legal Investments and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Public Securities Act, Chapter 1201, Texas Government Code, as amended, the Bonds, whether rated or unrated, are legal and authorized investments for insurance companies, fiduciaries or trustees and for municipalities and other political subdivision or public agencies. Most political subdivisions in the State are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than “A” or its equivalent to be legal investments of such entity’s funds. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that deposits of public funds, as defined in such chapter must be secured by eligible security. “Eligible Security” is defined to include local government obligations (such as the Bonds) with a rating from a nationally recognized investment firm of “A” or its equivalent.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The City assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

Audited Financial Statements

Crowe LLP, the City’s independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Crowe LLP, relating to City’s financial statements for the fiscal year ended September 30, 2025 is included in this Official Statement in APPENDIX B; however, Crowe LLP has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the City, including without limitation any of the information contained in this Official Statement, and has not been asked to consent to the inclusion of its report, or otherwise be associated with this Official Statement.

Sources and Compilation of Information

The information contained in this Official Statement has been obtained primarily from the City and from other sources believed to be reliable. No representation is made as to the accuracy or completeness of the information derived from sources other than the City. This is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the statutes, resolutions and other related documents are included herein subject to all the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Certification of the Official Statement

At the time of payment for and delivery of the Bonds, the Initial Purchaser will be furnished a certificate, executed by a proper City official, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of purchase of the Bonds, and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not, as of this date, and does not, as of the date of closing, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of, or pertaining to, entities other than the City and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and that the City has no reason to believe that they are untrue in any material respect; (d) there has been no material adverse change in the financial condition of the City since September 30, 2025, the date of the last audited financial statements of the City; and (e) except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, of which the City has notice to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

Approval of Official Statement

In the Ordinance, the City Council will ratify and approve the form and content of the Official Statement, and the Initial Purchaser's use of the Official Statement in connection with the public offering and the sale of the Bonds in accordance with the provisions of the Rule.

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

Description of the City of Alvin

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 mayor and seven council members are elected for staggered three-year terms.

Location

The City is a commercial center located in northern Brazoria County, 25 miles southeast of downtown Houston at the intersection of State Highways 6 and 35. The City occupies an area of approximately fifteen square miles and services and an estimated population of 30,115. It is in the center of three important industries in the Gulf Coast area; the Houston Medical Complex to the north, the Johnson Space Center (NASA) to the east, and the petrochemical industry to the south, all within a 35-mile radius. It is in close proximity to several airports; William P. Hobby Airport is 15 miles from the City, Brazoria County Airport is located within 22 miles and George Bush Intercontinental is approximately 54 miles from the City.

Source: The City of Alvin and the Texas Municipal Reports.

Population

<u>Population</u>	<u>1980 Census</u>	<u>1990 Census</u>	<u>2000 Census</u>	<u>2010 Census</u>	<u>2020 Census</u>
City of Alvin	16,515	19,220	21,413	24,236	27,098

Major Employers

The major employers in the City and their employment estimates are as follows:

<u>Major Employers - FYE2025</u>	<u>Business</u>	<u>Employees</u>
Alvin ISD	Public School	4,074
RiceTec	Hybrid Rice	1,166
INEOS Olefins & Polymers USA	Chemical Products	643
Walmart	Retail	520
Ascend Performance Materials	Petrochemical Manufacturer	462
Ron Carter Automotive	Automobile Dealer	320
Alvin Community College	Community College	315
City of Alvin	Municipality Government	277
Team Industrial Services	Oil & Gas Piping Services	220
Empereon Constar	Call Center	330
BeAed	Custom Sign Shop	200

Source: City of Alvin, Texas Comprehensive Annual Financial Report Fiscal Year Ending September 30, 202

Education Facilities

The newly renovated Alvin Community College (ACC) Continuing Education Workforce Development building houses many new certification programs relating to the medical field. A \$1 million grant is working to assist people with higher paying technical jobs through collaborations with many other regional institutions.

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APPENDIX B

**SELECTED DATA FROM
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FROM THE CITY OF ALVIN, TEXAS
FISCAL YEAR ENDED SEPTEMBER 30, 2025**

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City of Alvin, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025



CITY OF ALVIN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025

Officials Issuing Report:

Junru Roland
City Manager

Christopher Thomas
Finance Director

CITY OF ALVIN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter Of Transmittal	1
Organizational Chart	5
Certificate of Achievement for Excellence in Financial Reporting	6
Principal Officials	7

FINANCIAL SECTION

Independent Auditor's Report	8
Management's Discussion and Analysis (Required Supplementary Information)	11

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Position	20
Statement of Activities	22
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	23
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances –	
Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities	28
Proprietary Funds Financial Statements	
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position –	
Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	33
Notes to the Financial Statements	35

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual - General Fund	70
Schedule of Changes in Net Pension Liability and Related Ratios –	
Texas Municipal Retirement System	72
Schedule of the City's Proportionate Share of the Net Pension Liability –	
Texas Emergency Services Retirement System	73
Schedule of Changes in Total OPEB Liability and Related Ratios –	
Texas Municipal Retirement System	74
Schedule of Contributions – Texas Municipal Retirement System	75
Schedule of Contributions – Texas Emergency Services Retirement System	76

CITY OF ALVIN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025

TABLE OF CONTENTS

COMBINING STATEMENTS AND SCHEDULES

Schedule of Revenues, Expenditures, and Changes in Fund Balance –	
Budget and Actual - Debt Service Fund	77
Nonmajor Governmental Funds – Fund Descriptions	78
Combining Balance Sheet - Nonmajor Governmental Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances –	
Nonmajor Governmental Funds	82
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Nonmajor Special Revenue Funds	
Hotel/Motel.....	85
Special Investigation.....	86
Court Building Security.....	87
Municipal Court Technology	88
Donation	89
Juvenile Case Manager.....	90
Senior	91
Park Dedication	92
Comcast PEG Fees.....	93
TIRZ No. 1	94
TIRZ No. 2	95
TIRZ No. 3	96
Consolidated Municipal Court Security and Technology.....	97
Kendall Lakes TIRZ Redevelopment Authority	98
Sidewalk	99
Nonmajor Permanent Fund	
Cemetery	100
Internal Service Funds – Fund Descriptions	101
Combining Statement of Net Position – Internal Service Funds	102
Combining Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Internal Service Funds.....	104
Combining Statement of Cash Flows – Internal Service Funds.....	105

OTHER STATEMENTS

Consolidated Balance Sheet – General Fund – Sub-Funds	107
Consolidated Statement of Revenues, Expenses, and Changes in	
Fund Balances – General Fund – Sub-Funds.....	108
Consolidated Statement of Net Position – Water and Sewer Fund – Sub-Funds.....	110
Consolidated Statement of Revenues, Expenses, and Changes in	
Fund Net Position – Water and Sewer Fund – Sub-Funds.....	114
Consolidated Statement of Cash Flows – Water and Sewer Fund – Sub-Funds	118

CITY OF ALVIN, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the year ended September 30, 2025

TABLE OF CONTENTS

STATISTICAL SECTION

Net Position by Component.....	120
Changes in Net Position	121
Tax Revenues by Source, Governmental Activities	124
Fund Balances, Governmental Funds.....	125
Changes in Fund Balances, Governmental Funds.....	126
Assessed Value and Estimated Actual Value of Taxable Property.....	128
Property Tax Rates – Direct and Overlapping Governments.....	129
Principal Property Taxpayers	130
Property Tax Levies and Collections	131
Ratios of Outstanding Debt by Type.....	132
Ratios of General Bonded Debt Outstanding	133
Direct and Overlapping Governmental Activities Debt	134
Legal Debt Margin Information	135
Pledged-Revenue Coverage	136
Demographic and Economic Statistics	137
Principal Employers.....	138
Full-Time Equivalent City Government Employees by Function	139
Operating Indicators by Function.....	140
Capital Asset Statistics by Function	141

INTRODUCTORY SECTION



CITY OF ALVIN

216 West Sealy Street • Alvin, Texas 77511 • (281) 388-4200 • www.alvin-tx.gov

March 27, 2026

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

The Annual Comprehensive Financial Report (ACFR) of the City of Alvin, Texas (the “City”) for the fiscal year ended September 30, 2025, 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 Crowe, LLP, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2025, 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, 2025, are presented in conformity with Generally Accepted Accounting Principles (GAAP).

The Annual Comprehensive Financial Report 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.

(Continued)

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, located approximately 25 miles southeast of downtown Houston, occupies an area of approximately 15 square miles and services a population of 29,130. The City is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statutes 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 for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the government's City Manager and City 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 City also provides Emergency Medical Services (EMS), water and sewer services, and sanitation services.

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 beginning in April. 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 31st. By September 29th, the budget and tax adoption must be approved by City Council. The appropriated budget is prepared by fund and department within each fund (e.g., Police Department inside the General Fund). Supplemental appropriations for departments require the 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 69 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 76 for the debt service fund and page 83 for the nonmajor special revenue funds and permanent funds.

ECONOMIC CONDITIONS

During fiscal year 2024, the City adopted a new mission statement stating that goals were to foster a culture of collaboration, and embrace sustainable growth with a dedication to enriching the lives of our residents through innovative governance, visionary leadership, and steadfast integrity. This mission statement is what guides the City staff as they perform their duties while working for the community. Our strategic partners, from the public to private sector, are invaluable to Alvin and volunteer organizations are part of the life blood that continues to bring quality events to the community.

(Continued)

The yearly sales tax collected for purchases made inside the City increased 9.57% from FY 2024 to FY 2025, ending at a total of just under \$11 million. At the same time, the property values for locations inside the City rose 7.5% from end of fiscal year 2024 to end of fiscal year 2025. The total new value added to the tax roll for the City for tax year 2025 was just over \$64 million dollars.

The economy, property values and amount of property continue to grow inside the City. These show strong economic conditions, but also come with expenses and more responsibilities for workers employed by the City to ensure residents receive the quality of services that they have become accustomed to throughout the years.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

In 2021, the City engaged the services of a consultant to draft a Wastewater Master Plan, Sanitary Sewer Evaluation Study (SSES), and Water/Wastewater Rate Study. The Wastewater Master Plan was completed in 2022 and identified approximately \$116 million in utility projects to be completed over the next 20 years. These improvements are necessary to provide for future growth, replace aging infrastructure, improve efficiency, and keep the City in compliance with TCEQ regulations.

In 2022 the City completed a water and wastewater rate study to develop a multi-year plan of rate increases that would provide sufficient revenues to implement the first 5 years of capital improvements identified in the Wastewater Master Plan. These revenues would fund water and wastewater operations and maintenance, as well as the annual principal and interest on debt. The total projected cost of projects for the first 5 years is approximately \$95 million. The projects identified for the first 5 years are needed to address the existing water and wastewater system problems and to serve anticipated growth that the existing system does not have the capacity to currently serve. Those projects include:

Project	Cost (in 2022 Dollars)
2.5 MGD Expansion of WWTP (to 7.5 MGD)	\$69.5 million
Lift Station 8 Improvement Phase 1	\$ 4.1 million
Lift Stations 2 & 3 Rehab	\$ 1.4 million
Lift Station 33 Rehab	\$ 2.0 million
SCADA for WWTP	\$ 2.4 million
SSES	\$ 9.5 million

The City continues to be dedicated to annually funding roadway improvements. The fiscal year 2025 Asphalt Pavement Program consisted of \$1.4 million. The FY 2025 Concrete Pavement and Drainage Program consisted of \$7.5 million.

THE FUTURE IS BRIGHT

The Texas Department of Transportation (TxDOT) announced execution of the project primacy agreements to begin the development of a portion of State Highway Segment B running from League City to Alvin. According to TxDOT, the project has an anticipated contract award in April, 2026, contract execution in July, 2026 and an estimated completion in 2030.

(Continued)

The Grand Parkway Project has been an idea since the 1960s with the goal of connecting the Greater Houston area. This initial portion of Segment B of State Highway 99 is planned to connect from Interstate 45 South in League City to FM 2403 in Alvin. Benefits of the expansion will include increased commercial traffic and interconnectivity, storm evacuation capacity, and addressing growth in the City and county.

RELEVANT FINANCIAL POLICIES

It is the goal of the City to achieve and maintain an unassigned general fund balance equal to 25% of expenditures for the current fiscal year in the fund. The City considers a balance of less than \$1,500,000 to be cause for concern, barring unusual or deliberate circumstances.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) award for the Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024 is pending. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Annual Comprehensive Financial Report. Our auditors are constantly striving to adjust and improve the ACFR to meet the criteria required and recommended by the GFOA. This report satisfies both GAAP and applicable legal requirements, which is why the City has won multiple Excellence Awards.

A Certificate of Achievement is valid for a period of one year. We believe that our current ACFR continues to meet the program requirements, and we will be submitting it to GFOA to determine its eligibility for another certificate.

In addition, the government has also received the GFOA Distinguished Budget Presentation Award for its most recent annual budget document. 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 a communication device.

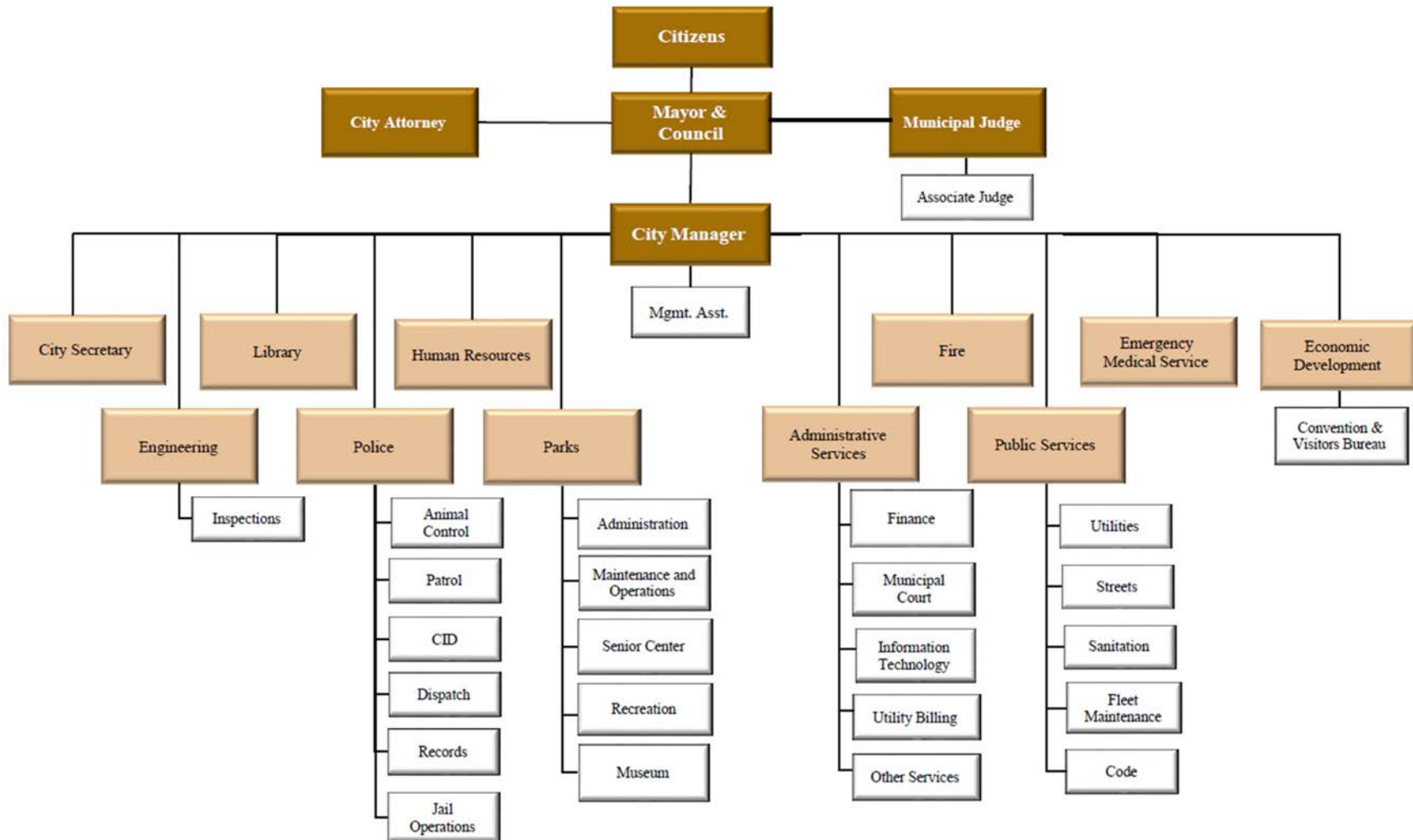
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Junru Roland', is positioned above the printed name.

Junru Roland
City Manager

CITY OF ALVIN, TEXAS
ORGANIZATIONAL CHART
September 30, 2025



CITY OF ALVIN, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING
September 30, 2025

The City's Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024 is pending review by the Government Finance Officers Association for the Certificate of Achievement for Excellence in Financial Reporting.

CITY OF ALVIN, TEXAS
PRINCIPAL OFFICIALS
September 30, 2025

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Gabe Adame	Mayor	2029
Martin Vela	Council Member - District A	2028
Chris Vaughn	Council Member - District B	2027
Richard Garivey	Council Member - District C	2027
Ashley Davis	Council Member - District D	2028
Meagan DeKeyzer	Mayor Pro Tem, Council Member - District E	2029
Keko Moore	Council Member - At Large 1	2027
Scott Salter	Council Member - At Large 2	2028

<u>Key Staff</u>	<u>Position</u>
Junru Roland	City Manager
Christopher Thomas	Chief Financial Officer
Dixie Roberts	Assistant City Manager/City Secretary
Mo Ghuneim	Municipal Court Judge
Suzanne Hanneman	City Attorney
Kendall Hunting	Fire Department Administrator
Brandon Moody	Public Services Director
Michelle H. Segovia	City Engineer
Robert Lee	Chief of Police
Dan Kelinske	Director of Parks and Recreation
Ron Schmitz	EMS/Emergency Management Director
Paul Chavez	Economic Development Director
Tina Rodriguez	Human Resources Director

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alvin, Texas (the "City"), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 benefit liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

(Continued)

Supplementary 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 combining statements and schedules and consolidated sub-fund statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

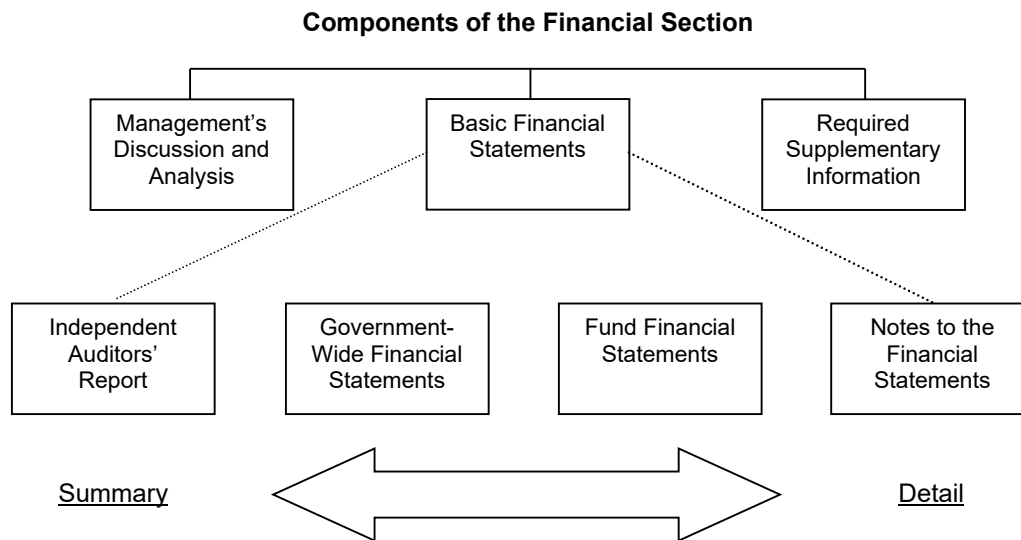
Houston, Texas
March 27, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

The purpose of the Management's Discussion and Analysis ("MD&A") is to give the readers an objective and easily readable analysis of the financial activities of the City of Alvin, Texas (the "City") for the year ending September 30, 2025. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

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 one category of City funds is governmental.

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, sanitation, and emergency medical services. The proprietary fund financial statements provide separate information for the water and sewer system, sanitation, and emergency medical services. The proprietary 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, information technology maintenance, computer replacement services, and building maintenance. 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 for Texas Municipal Retirement System (TMRS), schedule of the City's proportionate share of the net pension liability for 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 of resources by \$148,326,426 as of September 30, 2025. The largest portion of the City's net position, 60%, 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
For the year ended September 30, 2025

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Activities	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 75,880,865	\$ 50,836,323	\$ 82,715,112	\$ 88,953,491	\$ 158,595,977	\$ 139,789,814
Capital assets, net	61,965,933	61,790,995	91,940,150	85,739,126	153,906,083	147,530,121
Total assets	137,846,798	112,627,318	174,655,262	174,692,617	312,502,060	287,319,935
DEFERRED OUTFLOWS ON RESOURCES						
Deferred outflow s - pensions	4,021,725	4,454,206	502,048	432,354	4,523,773	4,886,560
Deferred outflow s - OPEB	32,113	65,420	13,522	21,968	45,635	87,388
Deferred charge on refunding	45,786	54,943	665,376	746,725	711,162	801,668
Total deferred outflow s on resources	4,099,624	4,574,569	1,180,946	1,201,047	5,280,570	5,775,616
LIABILITIES						
Long-term liabilities	65,855,377	39,269,296	93,817,996	100,090,418	159,673,373	139,359,714
Other liabilities	2,474,320	4,176,084	5,780,422	3,526,481	8,254,742	7,702,565
Total liabilities	68,329,697	43,445,380	99,598,418	103,616,899	167,928,115	147,062,279
DEFERRED INFLOWS ON RESOURCES						
Deferred inflow s - pensions	905,662	368,049	161,256	101,965	1,066,918	470,014
Deferred inflow s - OPEB	166,105	198,774	14,363	22,648	180,468	221,422
Deferred charge on refunding	256,208	298,909	24,495	26,379	280,703	325,288
Total deferred inflow s on resources	1,327,975	865,732	200,114	150,992	1,528,089	1,016,724
NET POSITION						
Net investment in capital assets	38,896,974	39,209,337	49,543,833	46,936,370	88,440,807	86,145,707
Restricted	24,294,756	21,045,993	3,108,500	3,459,461	27,403,256	24,505,454
Unrestricted	9,097,020	12,635,445	23,385,343	21,729,942	32,482,363	34,365,387
Total net position	\$ 72,288,750	\$ 72,890,775	\$ 76,037,676	\$ 72,125,773	\$ 148,326,426	\$ 145,016,548

A portion of the City's net position, \$27,403,256 or 18%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$32,482,363 or 22%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,309,878 which is largely due to excess charges for services and investment revenue than operational expenses for the water and sewer operations of business-type activities. The increase in capital assets is primarily due to an increase in capital additions within business-type activities for construction to improve the water and sewer system. Current and other assets increased compared to the prior year primarily from the issuance of certificates of obligations during the fiscal year to be used for future capital projects. Deferred outflows of resources decreased due to the net difference between projected and actual investment earnings on pension plan assets from the Texas Municipal Retirement System (TMRS). The increase in long-term liabilities was mainly due to the issuance of certificates of obligations and leases during the fiscal year. Other liabilities increased largely from an increase in accounts payable and accrued liabilities as a result of ongoing construction projects. Deferred inflows of resources increased primarily due to change in assumptions for the City's pension plan from TMRS.

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

Statement of Activities

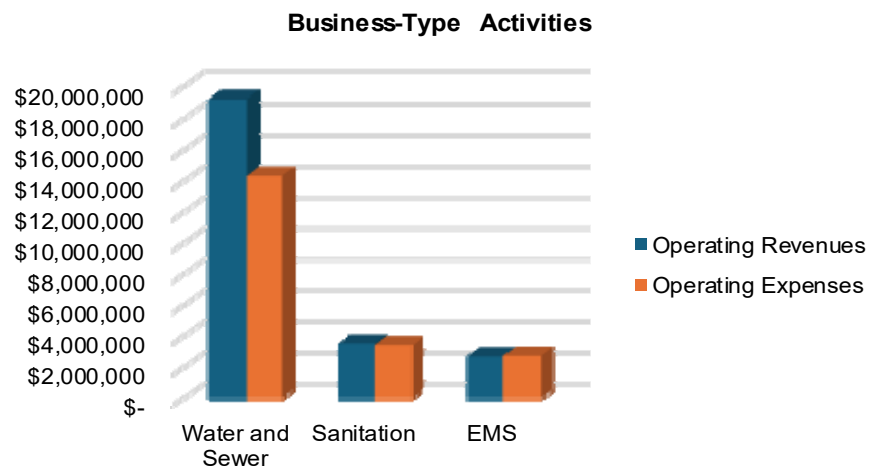
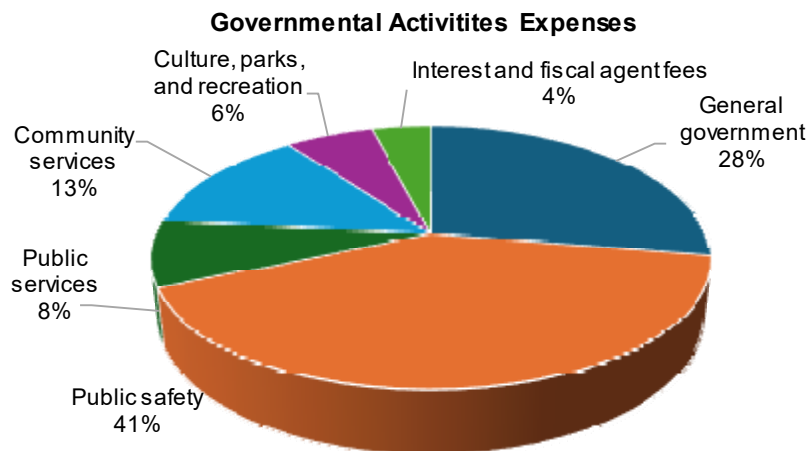
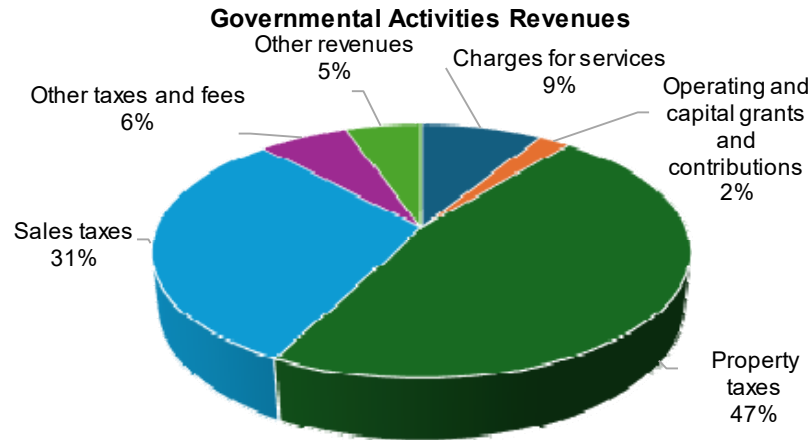
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Activities	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 3,133,418	\$ 2,635,431	\$ 25,414,016	\$ 22,858,748	\$ 28,547,434	\$ 25,494,179
Operating and capital grants and contributions	814,172	2,234,336	463,500	7,940,729	1,277,672	10,175,065
General revenues						
Property taxes	16,778,879	15,991,718	-	-	16,778,879	15,991,718
Sales taxes	10,984,128	10,027,099	-	-	10,984,128	10,027,099
Other taxes and fees	2,300,999	2,203,127	-	-	2,300,999	2,203,127
Other revenues	1,960,846	2,204,499	3,139,808	3,700,129	5,100,654	5,904,628
Total revenues	<u>35,972,442</u>	<u>35,296,210</u>	<u>29,017,324</u>	<u>34,499,606</u>	<u>64,989,766</u>	<u>69,795,816</u>
Expenses						
General government	10,426,623	8,191,545	-	-	10,426,623	8,191,545
Public safety	15,551,422	13,756,038	-	-	15,551,422	13,756,038
Public services	3,036,131	2,501,819	-	-	3,036,131	2,501,819
Community services	5,026,881	4,093,352	-	-	5,026,881	4,093,352
Culture, parks, and recreation	2,298,084	2,412,983	-	-	2,298,084	2,412,983
Interest and fiscal agent fees	1,533,622	755,557	-	-	1,533,622	755,557
Water and sewer	-	-	17,661,804	12,738,114	17,661,804	12,738,114
Sanitation	-	-	3,418,553	3,260,962	3,418,553	3,260,962
EMS	-	-	2,726,768	3,013,934	2,726,768	3,013,934
Total expenses	<u>37,872,763</u>	<u>31,711,294</u>	<u>23,807,125</u>	<u>19,013,010</u>	<u>61,679,888</u>	<u>50,724,304</u>
Increase in net position before transfers	(1,900,321)	3,584,916	5,210,199	15,486,596	3,309,878	19,071,512
Transfers	<u>1,298,296</u>	<u>34,337</u>	<u>(1,298,296)</u>	<u>(34,337)</u>	<u>-</u>	<u>-</u>
Change in net position	(602,025)	3,619,253	3,911,903	15,452,259	3,309,878	19,071,512
Beginning net position	<u>72,890,775</u>	<u>69,271,522</u>	<u>72,125,773</u>	<u>56,673,514</u>	<u>145,016,548</u>	<u>125,945,036</u>
Ending net position	<u>\$ 72,288,750</u>	<u>\$ 72,890,775</u>	<u>\$ 76,037,676</u>	<u>\$ 72,125,773</u>	<u>\$ 148,326,426</u>	<u>\$ 145,016,548</u>

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

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



(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

For the year ended September 30, 2025, revenues from governmental activities totaled \$35,972,442, which is an increase of \$676,232 from last year. The increase in governmental activities revenues is primarily due to the net result of an increase in revenues from property taxes of \$787,161 from an increase in assessed property values, an increase in revenue from sales taxes of \$957,029 from an increase in economic activity within the City, an increase in charges for services of \$497,987, and a decrease in grants and contributions of \$1,420,164. The increase in charges for services is primarily due to an increase from permit revenue for development within the City. The decrease in grants and contributions is primarily due to a decrease in grants related to federal funding.

For the year ended September 30, 2025, expenses for governmental activities totaled \$37,872,763. Overall governmental expenses increased by \$6,161,469 due largely to increases in personnel costs, repairs from damaged infrastructure from storms, and from an increase in interest and fiscal agent fees related to the issuance of debt during the fiscal year.

Net position for business-type activities increased \$3,911,903 compared to the prior year. Revenues decreased \$5,482,282 compared to the prior year due to a decline in capital assets conveyed to the City from a municipal utility district and a decrease in investment earnings. This decrease in business-type activities revenue was offset by an increase in charges for services due to an increase in water and sewer rates along with an increase in customer consumption. Expenses increased \$4,794,115 compared to the prior year due mostly to an increase in water and sewer operational costs.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$68,005,020. Of this, \$130,669 is nonspendable, \$54,719,647 is restricted for various purposes, and \$3,865,460 is assigned for various projects. The remaining balance of \$9,289,244 is unassigned in the general fund. There was a net increase in the combined fund balance of \$27,347,617 compared to the prior year due largely to the issuance of certificates of obligation during the fiscal year.

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 \$9,289,244, while total fund balance reached \$12,519,827. 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 35.6% of total general fund expenditures while total fund balance represents 47.9% of the same amount. The general fund demonstrated an overall decrease of \$1,182,412 in fund balance. Compared to the prior year, revenues decreased roughly \$835,447 due mainly to a decrease in intergovernmental revenues of \$1,560,554 due primarily to a decrease in federal funding. This decrease was partially offset by an increase in revenues from an increase in property taxes of \$415,530 and sales taxes of \$319,010. General fund expenditures increased \$247,970 compared to the prior year. This increase is the net result of a decrease in capital outlay of \$2,332,472 and an increase in public safety and general government expenditures of \$2,642,693 due primarily to an increase in personnel costs.

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

The sales tax capital projects fund has a total fund balance of \$17,549,885 and recognized an increase of \$2,283,411 in fund balance. Sales tax revenues increased by \$674,545 over the prior year.

The bond capital projects fund has a total fund balance of \$30,424,891 and recognized an increase of \$25,355,748 in fund balance. This increase includes the other sources from issuance of debt 25,795,837. Total expenditures for the capital projects fund was \$799,365 which was a decrease compared to the prior year of \$5,718,515 due primarily to a decrease in capital outlay.

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. The City's water and sewer fund reported an increase in operating revenues of \$2,271,204 primarily due to an increase in customer rates along with an increase in customer consumption. The City's water and sewer fund operating expenses increased \$5,180,787 from an increase in operating costs related to an increase in repairs and maintenance. The sanitation fund reported an increase in operating revenues of \$213,201 due to an increase in rates and number of customers served and also reported an increase in operating expenses of \$157,800 due to an increase in contracted collection services. The emergency medical services fund reported an increase in operating revenues of \$70,863 due to an increase in services provided and reported a decrease in operating expenses of \$286,884 due to a decrease in personnel costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no material changes between the original and final adopted budgets. There had been a planned decrease in budgeted fund balance in the amount of \$284,133 in the general fund. However, the actual net change in fund balance decreased by \$1,182,412, resulting in a negative variance of \$898,279 from budgeted as amended over actual. Actual general fund revenues were less than amended budgeted revenues by \$1,423,625 during 2025. The City realized less revenues than anticipated from property taxes and intergovernmental revenues. Actual expenditures were less than budgeted amounts by \$526,756 for the fiscal year with positive budget variance for all departments.

CAPITAL ASSETS

At the end of the current fiscal year, the City's governmental and business-type activities had invested \$153,906,083 in a variety of capital assets, infrastructure, and right-to-use assets (net of accumulated depreciation/amortization). This represents a net increase of \$6,375,962 which includes depreciation and amortization of \$6,981,015 and capital additions of \$13,356,977.

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

- Equipment and vehicles from additions from lease agreements - \$2,256,493
- Water line improvements - \$2,838,895
- Construction in progress for the wastewater treatment plant upgrade - \$6,334,921
- Construction in progress for street improvement projects - \$811,192

More detailed information about the City's capital assets is presented in Note 3. to the financial statements.

(Continued)

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2025

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonds, certificates of obligation, notes payable, and leases payable outstanding of \$137,348,189. Of this amount, \$4,339,996 was general obligation bonds, certificates of obligation accounted for \$51,355,000, revenue bonds totaled \$78,480,000, notes payable totaled \$106,427, and leases payable totaled \$3,066,766.

More detailed information about the City's long-term liabilities is presented in Note 3. to the financial statements.

Current underlying ratings on debt issues are as follows:

	Moody's Investors <u>Services</u>	Standard and <u>Poor's</u>
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 2025-2026 general operating fund budget of \$24,442,236 which is an increase of 0.43% from the prior year amended budget. The City adopted a fiscal year 2025-2026 utility operating fund budget of \$18,271,200 which is an increase of 10% from the prior year amended budget.

The Brazoria County Appraisal District certified values for Tax Year 2025 (fiscal year 2025-26) was \$2,589,798,328. This represents an increase of \$120,208,434 or 4.9% above the prior year's certified value of \$2,469,589,894. For fiscal year 2025-26, the city desired to provide property tax relief to taxpayers by levying a property tax rate of \$0.685 per \$100 of net taxable value, which is the same tax rate as the previous year, and 1.5% below the no-new-revenue- tax rate of \$0.700635. As a result, the fiscal year 2025-26 budget will reduce revenue from property taxes over last year's budget by an amount of \$597,866 or 4.1%. The City estimates after appeals by property owners, less the preliminary Tax Increment Reinvestment Zone (TIRZ) value of \$154,671,662, the 2025 certified taxable assessed value will be approximately \$2,435,126,666, a 1.40% decrease. The property tax revenue to be raised from the \$65 million of new property value added to the tax roll in fiscal year 2025-26 is approximately \$444,507.

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 the Finance Director, 216 West Sealy Street, Alvin, Texas 77511.

BASIC FINANCIAL STATEMENTS

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and equity in pooled cash and investments	\$ 47,379,918	\$ 11,546,556	\$ 58,926,474
Investments	15,633	29,803	45,436
Receivables, net of allowances	3,238,277	3,755,021	6,993,298
Inventory	6,032	155,153	161,185
Prepays and other assets	130,669	-	130,669
Restricted assets			
Temporarily restricted cash and cash equivalents	25,110,336	67,228,579	92,338,915
	<u>75,880,865</u>	<u>82,715,112</u>	<u>158,595,977</u>
Capital assets			
Nondepreciable/nonamortizable capital assets	10,298,029	15,931,346	26,229,375
Depreciable capital assets, net	48,630,621	76,008,804	124,639,425
Right-to-use assets, net	3,037,283	-	3,037,283
	<u>61,965,933</u>	<u>91,940,150</u>	<u>153,906,083</u>
Total assets	<u>137,846,798</u>	<u>174,655,262</u>	<u>312,502,060</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pensions (TMRS)	2,819,660	502,048	3,321,708
Deferred outflows - pensions (TESRS)	1,202,065	-	1,202,065
Deferred outflows - OPEB	32,113	13,522	45,635
Deferred loss on refunding	45,786	665,376	711,162
Total deferred outflows of resources	<u>4,099,624</u>	<u>1,180,946</u>	<u>5,280,570</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,013,502	5,158,617	7,172,119
Unearned revenue	127,766	-	127,766
Accrued bond interest	333,052	621,805	954,857
Noncurrent liabilities			
Portion due within one year			
Compensated absences	1,161,512	197,435	1,358,947
Bonds payable	1,557,728	6,102,272	7,660,000
Notes payable	34,311	-	34,311
Leases payable	800,013	-	800,013
Total OPEB liability	11,748	2,917	14,665
Portion due in more than one year			
Compensated absences	870,930	74,436	945,366
Bonds payable (net of deferred charges)	48,552,507	85,918,768	134,471,275
Notes payable	72,116	-	72,116
Leases payable	2,266,753	-	2,266,753
Net pension liability - TMRS	7,704,075	1,371,731	9,075,806
Net pension liability - TESRS	2,348,287	-	2,348,287
Total OPEB liability	475,397	150,437	625,834
Total liabilities	<u>68,329,697</u>	<u>99,598,418</u>	<u>167,928,115</u>

(Continued)

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION
September 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pensions (TMRS)	\$ 905,662	\$ 161,256	\$ 1,066,918
Deferred inflows - OPEB	166,105	14,363	180,468
Deferred gain on refunding	256,208	24,495	280,703
Total deferred inflows of resources	<u>1,327,975</u>	<u>200,114</u>	<u>1,528,089</u>
NET POSITION			
Net investment in capital assets	38,896,974	49,543,833	88,440,807
Restricted for			
Expendable			
Sidewalk projects	119,627	-	119,627
Debt service	84,609	3,108,500	3,193,109
Enabling legislation	1,399,537	-	1,399,537
Tax increment reinvestment zone	4,232,727	-	4,232,727
Capital projects	17,549,885	-	17,549,885
Permanent fund	908,371	-	908,371
Unrestricted	<u>9,097,020</u>	<u>23,385,343</u>	<u>32,482,363</u>
Total net position	<u>\$ 72,288,750</u>	<u>\$ 76,037,676</u>	<u>\$ 148,326,426</u>

See notes to financial statements.

CITY OF ALVIN, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Government Activities	Business-Type Activities	
Primary Government							
Governmental activities							
General government	\$ 10,426,623	\$ 1,431,773	\$ 160,434	\$ -	\$ (8,834,416)	\$ -	\$ (8,834,416)
Public safety	15,551,422	1,102,053	47,178	-	(14,402,191)	-	(14,402,191)
Public services	3,036,131	-	-	606,560	(2,429,571)	-	(2,429,571)
Community services	5,026,881	-	-	-	(5,026,881)	-	(5,026,881)
Culture, parks, and recreation	2,298,084	599,592	-	-	(1,698,492)	-	(1,698,492)
Interest and fiscal agent fees	1,533,622	-	-	-	(1,533,622)	-	(1,533,622)
Total governmental activities	37,872,763	3,133,418	207,612	606,560	(33,925,173)	-	(33,925,173)
Business-type activities							
Water and sewer	17,661,804	19,211,519	-	-	-	1,549,715	1,549,715
Sanitation	3,418,553	3,511,116	-	-	-	92,563	92,563
Emergency medical services	2,726,768	2,691,381	463,500	-	-	428,113	428,113
Total business-type activities	23,807,125	25,414,016	463,500	-	-	2,070,391	2,070,391
Total primary government	\$ 61,679,888	\$ 28,547,434	\$ 671,112	\$ 606,560	(33,925,173)	2,070,391	(31,854,782)
General revenues							
Property taxes					16,778,879	-	16,778,879
Sales taxes					10,984,128	-	10,984,128
Franchise fees					1,204,575	-	1,204,575
Other taxes					1,096,424	-	1,096,424
Investment revenue					1,585,403	3,139,808	4,725,211
Other revenues					375,443	-	375,443
Transfers					1,298,296	(1,298,296)	-
Total general revenues and transfers					33,323,148	1,841,512	35,164,660
Change in net position					(602,025)	3,911,903	3,309,878
Beginning net position					72,890,775	72,125,773	145,016,548
Ending net position					\$ 72,288,750	\$ 76,037,676	\$ 148,326,426

See notes to financial statements.

CITY OF ALVIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Bond Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and equity in pooled cash and investments	\$ 12,514,025	\$ 93,171	\$ 16,884,333	\$ 30,443,325	\$ 7,195,384	\$ 67,130,238
Investments	14,320	-	1,313	-	-	15,633
Receivables, net	1,631,805	91,017	1,260,215	-	251,622	3,234,659
Prepaid items	130,669	-	-	-	-	130,669
Total assets	<u>\$ 14,290,819</u>	<u>\$ 184,188</u>	<u>\$ 18,145,861</u>	<u>\$ 30,443,325</u>	<u>\$ 7,447,006</u>	<u>\$ 70,511,199</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 983,213	\$ 400	\$ 595,976	\$ 18,434	\$ 21,198	\$ 1,619,221
Other payables	46,334	-	-	-	-	46,334
Unearned revenue	127,766	-	-	-	-	127,766
Total liabilities	<u>1,157,313</u>	<u>400</u>	<u>595,976</u>	<u>18,434</u>	<u>21,198</u>	<u>1,793,321</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	613,679	99,179	-	-	-	712,858
Total deferred inflows of resources	<u>613,679</u>	<u>99,179</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,858</u>

(Continued)

CITY OF ALVIN, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Bond Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
FUND BALANCES						
Nonspendable						
Prepays	\$ 130,669	\$ -	\$ -	\$ -	\$ -	\$ 130,669
Restricted for						
Debt service	-	84,609	-	-	-	84,609
Sidewalk projects	-	-	-	-	119,627	119,627
Enabling legislation	-	-	-	-	1,399,537	1,399,537
Tax increment reinvestment zone	-	-	-	-	4,232,727	4,232,727
Capital projects	-	-	17,549,885	30,424,891	-	47,974,776
Permanent fund	-	-	-	-	908,371	908,371
Assigned for						
Special projects	3,099,914	-	-	-	765,546	3,865,460
Unassigned	9,289,244	-	-	-	-	9,289,244
Total fund balances	<u>12,519,827</u>	<u>84,609</u>	<u>17,549,885</u>	<u>30,424,891</u>	<u>7,425,808</u>	<u>68,005,020</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,290,819</u>	<u>\$ 184,188</u>	<u>\$ 18,145,861</u>	<u>\$ 30,443,325</u>	<u>\$ 7,447,006</u>	<u>\$ 70,511,199</u>

See notes to financial statements.

CITY OF ALVIN, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
September 30, 2025

Total fund balances for governmental funds	\$ 68,005,020
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets, nondepreciable/nonamortizable	10,298,029
Capital assets - depreciable	47,149,725
Right-to-use assets, amortizable	246,460

Long-term liabilities and deferred outflows and deferred inflows related to pensions and other postretirement benefits (OPEB) are deferred in the governmental funds.

Net pension liabilities	(9,722,759)
Deferred outflows - pensions	3,901,091
Deferred inflows - pensions	(866,916)
Total OPEB liability	(487,145)
Deferred outflows - OPEB	32,113
Deferred inflows - OPEB	(166,105)

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

712,858

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.

6,111,230

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

Accrued interest payable	(333,052)
Noncurrent liabilities due in one year	(2,728,190)
Noncurrent liabilities due in more than one year	(49,653,187)
Deferred gain on refunding	(256,208)
Deferred loss on refunding	45,786

Net position of governmental activities	<u>\$ 72,288,750</u>
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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, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Bond Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues						
Property taxes	\$ 13,298,327	\$ 2,401,330	\$ -	\$ -	\$ 1,057,602	\$ 16,757,259
Sales taxes	3,661,376	-	7,322,752	-	-	10,984,128
Franchise fees	1,173,309	-	-	-	31,266	1,204,575
Other taxes	628,307	-	-	-	468,117	1,096,424
Licenses and permits	1,389,176	-	-	-	-	1,389,176
Fines and forfeitures	594,141	-	-	-	25,869	620,010
Charges for services	1,007,198	-	-	-	117,034	1,124,232
Intergovernmental	596,600	-	97,208	-	120,364	814,172
Investment revenue	343,763	-	444,233	359,276	219,552	1,366,824
Other revenue	52,084	-	34,039	-	177,605	263,728
Total revenues	<u>22,744,281</u>	<u>2,401,330</u>	<u>7,898,232</u>	<u>359,276</u>	<u>2,217,409</u>	<u>35,620,528</u>
Expenditures						
Current						
General government	9,779,250	-	-	-	11,466	9,790,716
Public safety	12,494,662	-	-	-	140,176	12,634,838
Public services	1,621,143	-	-	-	-	1,621,143
Community services	185,581	-	4,218,220	-	454,488	4,858,289
Culture, parks, and recreation	1,898,073	-	-	-	16,639	1,914,712
Capital outlay	70,980	-	932,545	20,741	262,413	1,286,679
Debt service						
Principal	61,740	1,548,430	-	-	2,310	1,612,480
Interest and fiscal agent fees	16,598	852,430	-	-	535	869,563
Bond issuance costs	-	-	-	778,624	-	778,624
Total expenditures	<u>26,128,027</u>	<u>2,400,860</u>	<u>5,150,765</u>	<u>799,365</u>	<u>888,027</u>	<u>35,367,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,383,746)</u>	<u>470</u>	<u>2,747,467</u>	<u>(440,089)</u>	<u>1,329,382</u>	<u>253,484</u>

(Continued)

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Bond Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Other financing sources (uses)						
Debt issued	\$ -	\$ -	\$ -	\$ 24,945,000	\$ -	\$ 24,945,000
Premium on debt	-	-	-	850,837	-	850,837
Transfers in	2,201,334	-	-	-	1,070,353	3,271,687
Transfers (out)	-	-	(464,056)	-	(1,509,335)	(1,973,391)
Total other financing sources (uses)	<u>2,201,334</u>	<u>-</u>	<u>(464,056)</u>	<u>25,795,837</u>	<u>(438,982)</u>	<u>27,094,133</u>
Net change in fund balances	(1,182,412)	470	2,283,411	25,355,748	890,400	27,347,617
Beginning fund balances	<u>13,702,239</u>	<u>84,139</u>	<u>15,266,474</u>	<u>5,069,143</u>	<u>6,535,408</u>	<u>40,657,403</u>
Ending fund balances	<u>\$ 12,519,827</u>	<u>\$ 84,609</u>	<u>\$ 17,549,885</u>	<u>\$ 30,424,891</u>	<u>\$ 7,425,808</u>	<u>\$ 68,005,020</u>

See notes to financial statements.

CITY OF ALVIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended September 30, 2025

Net changes in fund balances - total governmental funds	\$ 27,347,617
Amounts reported for governmental activities in the Statement of Activities are different because:	
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/amortization expense.	
Capital outlay, net of disposals	1,286,679
Depreciation/amortization	(3,346,760)
The issuance of long-term debt (e.g., bonds, leases, 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 Activities. Pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are recognized at the government-wide level.	
Issuance of certificates of obligation	(24,945,000)
Premium on debt issuance	(850,837)
Principal payments on debt	1,612,480
Amortization of premium	116,205
Amortization of deferred amounts	33,544
Compensated absences	(1,008,494)
Accrued interest	28,455
Deferred outflows - pensions	(461,712)
Deferred inflows - pensions	(519,284)
Net pension liability	386,516
Deferred outflows - OPEB	(33,307)
Deferred inflows - OPEB	32,669
Total OPEB liability	5,862
Revenues in the Statement of Activities that does not provide current financial resources is not reported as revenues in the funds. This includes the change in deferred inflows of resources - unavailable revenues.	21,620
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.	(308,278)
Change in net position of governmental activities	\$ <u>(602,025)</u>

See notes to financial statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
ASSETS					
Current assets					
Cash and equity in pooled cash and investments	\$ 9,661,155	\$ 1,251,203	\$ 634,198	\$ 11,546,556	\$ 5,360,016
Investments	29,803	-	-	29,803	-
Accounts receivable (net of allowance for uncollectibles)	2,518,038	547,363	689,620	3,755,021	3,618
Inventory	155,153	-	-	155,153	6,032
Restricted cash, cash equivalents, and investments					
Construction and debt obligation	65,655,898	-	-	65,655,898	-
Customer deposits	1,572,681	-	-	1,572,681	-
Total current assets	79,592,728	1,798,566	1,323,818	82,715,112	5,369,666
Noncurrent assets					
Capital assets					
Land	937,829	37,780	-	975,609	-
Buildings	7,033,348	80,501	558,423	7,672,272	120,291
Improvements	5,643,222	2,581,071	36,879	8,261,172	-
Infrastructure	106,827,645	15,342	-	106,842,987	-
Machinery and equipment	6,878,653	-	774,118	7,652,771	4,170,512
Construction in progress	14,955,737	-	-	14,955,737	-
Right-to-use assets	-	-	-	-	3,454,214
Less accumulated depreciation/amortization	(50,846,398)	(2,426,940)	(1,147,060)	(54,420,398)	(3,473,298)
Total capital assets (net)	91,430,036	287,754	222,360	91,940,150	4,271,719
Total noncurrent assets	91,430,036	287,754	222,360	91,940,150	4,271,719
Total assets	171,022,764	2,086,320	1,546,178	174,655,262	9,641,385
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow s - pensions	243,112	-	258,936	502,048	120,634
Deferred outflow s - OPEB	6,449	-	7,073	13,522	-
Deferred loss on refunding	645,317	20,059	-	665,376	-
Total deferred outflow s of resources	894,878	20,059	266,009	1,180,946	120,634

(Continued)

CITY OF ALVIN, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	\$ 3,491,308	\$ -	\$ 94,628	\$ 3,585,936	\$ 347,947
Accrued interest payable	621,231	243	331	621,805	-
Bonds payable - current	6,094,010	3,502	4,760	6,102,272	-
Compensated absences	131,835	-	65,600	197,435	25,361
Lease liability	-	-	-	-	800,013
Total OPEB liability	1,499	-	1,418	2,917	-
Current liabilities payable from restricted assets					
Customer deposits	1,572,681	-	-	1,572,681	-
Total current liabilities	11,912,564	3,745	166,737	12,083,046	1,173,321
Noncurrent liabilities					
Bonds payable, net of deferred charges	85,870,375	21,271	27,122	85,918,768	-
Lease liability	-	-	-	-	1,993,539
Compensated absences	48,761	-	25,675	74,436	115,580
Net pension liability	731,592	-	640,139	1,371,731	329,603
Total OPEB liability	78,020	-	72,417	150,437	-
Total noncurrent liabilities	86,728,748	21,271	765,353	87,515,372	2,438,722
Total liabilities	98,641,312	25,016	932,090	99,598,418	3,612,043
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow s - pensions	86,461	-	74,795	161,256	38,746
Deferred inflow s - OPEB	6,144	-	8,219	14,363	-
Deferred gain on refunding	-	-	24,495	24,495	-
Total deferred inflow s of resources	92,605	-	107,509	200,114	38,746
NET POSITION					
Net investment in capital assets	49,094,810	283,040	165,983	49,543,833	2,278,180
Restricted for					
Debt service	3,108,500	-	-	3,108,500	-
Unrestricted net position	20,980,415	1,798,323	606,605	23,385,343	3,833,050
Total net position	\$ 73,183,725	\$ 2,081,363	\$ 772,588	\$ 76,037,676	\$ 6,111,230

See notes to financial statements.

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
Operating revenues					
Water service	\$ 8,558,219	\$ -	\$ -	\$ 8,558,219	\$ -
Sewer service	8,776,203	-	-	8,776,203	-
Sanitation service	-	3,505,116	-	3,505,116	-
Emergency medical services	-	-	2,678,434	2,678,434	-
Charges for services	-	-	-	-	6,062,274
Other revenue	1,877,097	6,000	12,947	1,896,044	111,715
Total operating revenues	<u>19,211,519</u>	<u>3,511,116</u>	<u>2,691,381</u>	<u>25,414,016</u>	<u>6,173,989</u>
Operating expenses					
Water services	5,251,207	-	-	5,251,207	-
Sewer services	5,795,764	-	-	5,795,764	-
Sanitation services	-	3,364,839	-	3,364,839	-
Emergency medical services	-	-	2,677,292	2,677,292	-
Personnel services	-	-	-	-	1,493,592
Supplies	-	-	-	-	4,888,197
Depreciation	3,278,237	52,053	48,547	3,378,837	255,418
Total operating expenses	<u>14,325,208</u>	<u>3,416,892</u>	<u>2,725,839</u>	<u>20,467,939</u>	<u>6,637,207</u>
Operating income (loss)	<u>4,886,311</u>	<u>94,224</u>	<u>(34,458)</u>	<u>4,946,077</u>	<u>(463,218)</u>

(Continued)

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
Nonoperating revenues (expenses)					
Intergovernmental	\$ -	\$ -	\$ 463,500	\$ 463,500	\$ -
Investment revenue	3,070,987	58,261	10,560	3,139,808	218,579
Interest expense and fiscal charges	(3,336,596)	(1,661)	(929)	(3,339,186)	(63,639)
Total nonoperating revenues (expenses)	<u>(265,609)</u>	<u>56,600</u>	<u>473,131</u>	<u>264,122</u>	<u>154,940</u>
Income (loss) before contributions and transfers	<u>4,620,702</u>	<u>150,824</u>	<u>438,673</u>	<u>5,210,199</u>	<u>(308,278)</u>
Transfers					
Transfers (out)	(802,055)	(306,183)	(190,058)	(1,298,296)	-
Total transfers	<u>(802,055)</u>	<u>(306,183)</u>	<u>(190,058)</u>	<u>(1,298,296)</u>	<u>-</u>
Change in net position	3,818,647	(155,359)	248,615	3,911,903	(308,278)
Beginning net position	<u>69,365,078</u>	<u>2,236,722</u>	<u>523,973</u>	<u>72,125,773</u>	<u>6,419,508</u>
Ending Net Position	<u>\$ 73,183,725</u>	<u>\$ 2,081,363</u>	<u>\$ 772,588</u>	<u>\$ 76,037,676</u>	<u>\$ 6,111,230</u>

See notes to financial statements.

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
Cash flows from operating activities					
Receipts from customers and users	\$ 19,092,825	\$ 3,468,604	\$ 2,933,591	\$ 25,495,020	\$ 6,173,989
Payments/credits to/from suppliers	(5,762,339)	(3,628,314)	(583,667)	(9,974,320)	(5,007,400)
Payments to employees	(2,852,755)	-	(2,038,599)	(4,891,354)	(1,411,122)
Net cash provided (used) by operating activities	10,477,731	(159,710)	311,325	10,629,346	(244,533)
Cash flows from noncapital financing activities					
Transfer to other funds	(802,055)	(306,183)	(190,058)	(1,298,296)	-
Intergovernmental	-	-	463,500	463,500	-
Net cash provided (used) by noncapital financing activities	(802,055)	(306,183)	273,442	(834,796)	-
Cash flows from capital and related financing activities					
Acquisition and construction of capital assets	(9,579,861)	-	-	(9,579,861)	(233,944)
Interest and fiscal agent fees paid	(3,557,302)	(786)	(3,273)	(3,561,361)	(63,639)
Principal paid on debt	(6,066,245)	(3,399)	(4,620)	(6,074,264)	(447,051)
Net cash (used) for capital and related financing activities	(19,203,408)	(4,185)	(7,893)	(19,215,486)	(744,634)
Cash flows from investing activities					
Interest on investments	3,070,987	58,261	10,560	3,139,808	218,579
Net cash provided by investing activities	3,070,987	58,261	10,560	3,139,808	218,579
Net increase (decrease) in cash and equity in pooled cash and investments	(6,456,745)	(411,817)	587,434	(6,281,128)	(770,588)
Beginning cash and equity in pooled cash and investments	83,346,479	1,663,020	46,764	85,056,263	6,130,604
Ending cash and equity in pooled cash and investments	\$ 76,889,734	\$ 1,251,203	\$ 634,198	\$ 78,775,135	\$ 5,360,016

(Continued)

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Sanitation	Emergency Medical Services	Total	Internal Services
Ending cash and equity in pooled cash and investments					
Unrestricted cash and equity in pooled cash and investments	\$ 9,661,155	\$ 1,251,203	\$ 634,198	\$ 11,546,556	\$ 5,360,016
Restricted cash and equity in pooled cash and investments	67,228,579	-	-	67,228,579	-
	<u>\$ 76,889,734</u>	<u>\$ 1,251,203</u>	<u>\$ 634,198</u>	<u>\$ 78,775,135</u>	<u>\$ 5,360,016</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 4,886,311	\$ 94,224	\$ (34,458)	\$ 4,946,077	\$ (463,218)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	3,278,237	52,053	48,547	3,378,837	255,418
Changes in operating assets and liabilities					
(Increase) decrease in assets					
Accounts receivable	(147,438)	(42,512)	242,210	52,260	-
Deferred outflows of resources	(34,515)	-	(26,733)	(61,248)	(29,231)
Inventories	(95,009)	-	-	(95,009)	-
Increase (decrease) in liabilities					
Accounts payable	2,398,773	(263,475)	8,657	2,143,955	(119,203)
Compensated absences	73,296	-	30,693	103,989	72,342
Customer deposits	63,319	-	-	63,319	-
Deferred inflows of resources	28,744	-	22,262	51,006	18,329
Net pension liability	26,851	-	20,796	47,647	21,030
Total OPEB liability	(838)	-	(649)	(1,487)	-
Net cash provided (used) by operating activities	<u>\$ 10,477,731</u>	<u>\$ (159,710)</u>	<u>\$ 311,325</u>	<u>\$ 10,629,346</u>	<u>\$ (244,533)</u>
Noncash investing, capital, and financing activities					
Equipment from leases	\$ -	\$ -	\$ -	\$ -	\$ 2,256,493

See notes to financial statements.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (the "State"), 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 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 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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

The TIRZ No. 1, TIRZ No. 2, TIRZ No. 3, and the Authority are reported as special revenue funds and do not issue separate financial statements.

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 activities of the primary government. *Governmental activities*, which normally are supported by local property taxes, sales taxes, franchise fees, and intergovernmental revenues, are reported separately from *business-type activities*, which rely on a significant extent on fees and charges to external customers for support. The City does not report any business-type activities.

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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 property taxes, sales and use taxes, franchise fees, permits and fees, and fines and forfeitures. Expenditures include general government and public safety. 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.

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 bond capital projects fund and the sales tax 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 proprietary funds:

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

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 information technology maintenance fund is used to account for maintenance services. The building 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 transfers in the business-type activities column.

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 leases are reported as other financing sources.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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."

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

Inventories and Prepaid Items: Inventories 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 (prepaid expenditures) and are recorded as expenditures as consumed.

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 and for customer deposits.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Property, plant, and equipment of the primary government are depreciated/amortized 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
Right-to-use leased equipment	3 to 5 years

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net 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 net 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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Compensated Employee Absences: It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave. Unused vacation 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. Accrued vacation is paid when employee ends employment with the City. City employees also earn up to 96 hours of sick leave a year. Unused sick leave accrues each year with no limitation on the amount accrued. Unused accrued sick leave is not paid when employees ends employment with the City. Compensated absences are recognized as liabilities to the extent that the leave accumulates, is attributable to services already rendered and it is more likely than not that the leave will be used or paid.

In governmental fund financial statements, compensated absences are reported as expenditures and fund liabilities to the extent that they are due and payable and are expected to be liquidated with available, expendable financial resources. In the government-wide financial statements, a liability is recorded for compensated absences that meet the recognition criteria, regardless of when the leave is expected to be liquidated. The difference between governmental fund and government-wide reporting of compensated absences represents a reconciling item between the two presentations.

Long-Term Obligations: In the government-wide 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. 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 notes payable are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum note payments at inception of the asset purchase. In the year of acquisition, notes payable are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Note 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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases: The City is a lessee for noncancellable leases of equipment and vehicles. The City recognizes a lease liability and an intangible, right-to-use lease asset (the "lease asset") in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis either over the term of the lease or the useful life of the asset (if the City is reasonably certain a purchase option will be recognized).

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

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 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.

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

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).

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) 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.

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

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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Postemployment Benefits: The City participates in a defined benefit group-term life insurance plan administered 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 OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

Revenues and Expenditures/Expenses:

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.

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.

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

NOTE 2 - 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, 2025. 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, the Kendall Lakes TIRZ Redevelopment Authority fund, and the sidewalk fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

Deposits and Cash Equivalents: As of September 30, 2025, the City had the following cash equivalents:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value Measurement</u>
LOGIC	\$ 38,665,239	0.15	N/A
TexPool	2,885,483	0.11	N/A
Texas CLASS	59,827,137	0.12	N/A
TexSTAR	16,324,145	0.13	N/A
	<u>\$ 117,702,004</u>		
Portfolio weighted average maturity		0.13	

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 "AAAm," or an equivalent rating by at least one nationally recognized rating service. Investments in Securities Exchange Commission SEC-registered and regulated money market mutual funds must have an investment quality not less than "AAA," or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2025, the City's investments in investment pools were rated "AAA" or "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, 2025, market values of pledged securities were \$39,207,735 and bank balances were \$33,552,693.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

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 may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

Texas CLASS - The Texas Cooperative Liquid Assets Securities System Trust ("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. 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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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 state of emergency that affects TexSTAR's liquidity.

LOGIC - The Local Government Investment Cooperative ("LOGIC") was created in 1994 by Texas local government officials who understand the specific needs and challenges of investing public funds. LOGIC is administered by Hilltop Securities and JPMorgan Chase. Together, these organizations bring to the LOGIC program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources. LOGIC was rated "AAA" by Standard & Poor's.

Receivables: The following comprise receivable balances at year end:

	Governmental Funds					Total
	General	Debt Service	Sales Tax Capital Projects	Nonmajor	Internal Service Fund	
Property taxes	\$ 701,747	\$ 99,368	\$ -	\$ -	\$ -	\$ 801,115
Sales taxes	629,933	-	1,259,865	-	-	1,889,798
Franchise fees	348,926	-	-	-	-	348,926
Other taxes	-	-	-	236,632	-	236,632
Accounts receivable	-	-	350	14,990	-	15,340
Other receivables	23,195	-	-	-	3,618	26,813
Less allowance	(71,996)	(8,351)	-	-	-	(80,347)
Total	<u>\$ 1,631,805</u>	<u>\$ 91,017</u>	<u>\$ 1,260,215</u>	<u>\$ 251,622</u>	<u>\$ 3,618</u>	<u>\$ 3,238,277</u>

	Enterprise Funds				Total
	Water and Sewer	Sanitation	Emergency Medical Services		
Accounts receivable	\$ 2,536,867	\$ 542,272	\$ 2,020,266		\$ 5,099,405
Franchise fees	-	8,840	-		8,840
Other receivables	24,653	2,798	72,997		100,448
Less allowance	(43,482)	(6,547)	(1,403,643)		(1,453,672)
Total	<u>\$ 2,518,038</u>	<u>\$ 547,363</u>	<u>\$ 689,620</u>		<u>\$ 3,755,021</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets: A summary of changes in capital assets for governmental activities for the year end is as follows:

	Beginning Balance	Increases*	(Decreases)/ Reclassifications	Ending Balance
<u>Governmental activities</u>				
Capital assets not being depreciated/amortized				
Land	\$ 5,849,653	\$ -	\$ -	\$ 5,849,653
Construction in progress	3,519,228	929,148	-	4,448,376
Total capital assets not being depreciated/amortized	9,368,881	929,148	-	10,298,029
Other capital assets				
Buildings	29,769,551	-	-	29,769,551
Infrastructure	46,365,788	10,762	-	46,376,550
Improvements other than buildings	10,289,043	-	-	10,289,043
Machinery and equipment	22,778,740	580,713	-	23,359,453
Right-to-use leased equipment*	1,540,026	2,256,493	-	3,796,519
Total other capital assets	110,743,148	2,847,968	-	113,591,116
Less accumulated depreciation/amortization for				
Buildings	(12,707,869)	(735,488)	-	(13,443,357)
Infrastructure	(24,370,390)	(1,064,531)	-	(25,434,921)
Improvements other than buildings	(5,392,258)	(320,483)	-	(5,712,741)
Machinery and equipment	(15,561,464)	(1,011,493)	-	(16,572,957)
Right-to-use leased equipment*	(289,053)	(470,183)	-	(759,236)
Total accumulated depreciation/amortization	(58,321,034)	(3,602,178)	-	(61,923,212)
Other capital assets, net	52,422,114	(754,210)	-	51,667,904
Governmental activities capital assets, net	\$ 61,790,995	\$ 174,938	\$ -	61,965,933
				(210,422)
				30,443,325
				(18,434)
				(53,283,428)
				\$ 38,896,974

*Portions of the right-to-use leased equipment, including all current year additions, are reported in the internal service fund

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 81,190
Public safety	1,717,617
Public services	1,145,297
Community services	73,588
Culture, parks, and recreation	329,068
Internal service fund	255,418
Total governmental activities depreciation and amortization	\$ 3,602,178

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

	Beginning <u>Balance</u>	<u>Increases</u>	(Decreases)/ <u>Reclassifications</u>	Ending <u>Balance</u>
<u>Business-type activities</u>				
Capital assets not being depreciated/amortized				
Land	\$ 975,609	\$ -	\$ -	\$ 975,609
Construction in progress	8,434,383	9,360,249	(2,838,895)	14,955,737
Total capital assets not being depreciated	<u>9,409,992</u>	<u>9,360,249</u>	<u>(2,838,895)</u>	<u>15,931,346</u>
Other capital assets				
Buildings	7,672,272	-	-	7,672,272
Infrastructure	104,004,095	2,838,892	-	106,842,987
Improvements other than buildings	8,261,172	-	-	8,261,172
Machinery and equipment	7,433,156	219,615	-	7,652,771
Total other capital assets	<u>127,370,695</u>	<u>3,058,507</u>	<u>-</u>	<u>130,429,202</u>
Less accumulated depreciation/amortization for				
Buildings	(5,785,053)	(188,864)	-	(5,973,917)
Infrastructure	(37,934,582)	(2,385,893)	-	(40,320,475)
Improvements other than buildings	(3,975,561)	(276,396)	-	(4,251,957)
Machinery and equipment	(3,346,365)	(527,684)	-	(3,874,049)
Total accumulated depreciation/amortization	<u>(51,041,561)</u>	<u>(3,378,837)</u>	<u>-</u>	<u>(54,420,398)</u>
Other capital assets, net	<u>76,329,134</u>	<u>(320,330)</u>	<u>-</u>	<u>76,008,804</u>
Business-type activities capital assets, net	<u>\$ 85,739,126</u>	<u>\$ 9,039,919</u>	<u>\$ (2,838,895)</u>	<u>91,940,150</u>
				640,881
				51,845,475
				(2,861,633)
				(92,021,040)
				<u>\$ 49,543,833</u>

Depreciation was charged to business-type functions as follows:

Utility	\$ 3,278,237
Sanitation	52,053
Emergency medical services	48,547
Total business-type activities depreciation expense	<u>\$ 3,378,837</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt: The following is a summary of changes in the City's total long-term liabilities for the fiscal year ended September 30, 2025.

	Beginning Balances	Additions	(Reductions)	Ending Balances	Amounts Due Within One Year
<u>Governmental activities</u>					
Bonds, notes, and other payables					
General obligation bonds	\$ 1,727,020	\$ -	\$ (230,736)	\$ 1,496,284 *	\$ 237,728
Certificates of obligation	22,480,000	24,945,000	(1,320,000)	46,105,000 *	1,320,000
Deferred amounts					
For issuance discounts/premiums	1,774,319	850,837	(116,205)	2,508,951 *	-
Notes payable	139,660	-	(33,233)	106,427 *	34,311
Leases payable	1,285,836	2,256,493	(475,563)	3,066,766 *	800,013
	<u>27,406,835</u>	<u>28,052,330</u>	<u>(2,175,737)</u>	<u>53,283,428</u>	<u>2,392,052</u>
Other liabilities					
Net pension liability - TMRS	9,333,939	-	(1,629,864)	7,704,075	-
Net pension liability - TESRS	1,083,909	1,264,378	-	2,348,287	-
Total OPEB liability	493,007	-	(5,862)	487,145	11,748
Compensated absences	951,606	1,080,836	-	2,032,442	1,161,512
Total governmental activities	<u>\$ 39,269,296</u>	<u>\$ 30,397,544</u>	<u>\$ (3,811,463)</u>	<u>\$ 65,855,377</u>	<u>\$ 3,565,312</u>
				Long-term debt due in more than one year	<u>\$ 62,290,065</u>
				*Debt associated with governmental activities capital assets	<u>\$ 53,283,428</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Business-type activities</u>					
Other liabilities					
General obligation bonds	\$ 742,976	\$ -	\$ (99,264)	\$ 643,712 *	\$ 102,272
General obligation bonds from direct borrowings/placements	2,885,000	-	(685,000)	2,200,000 *	710,000
Certificates of obligation	5,775,000	-	(525,000)	5,250,000 *	525,000
Revenue bonds	83,245,000	-	(4,765,000)	78,480,000 *	4,765,000
Deferred amounts					
For issuance discounts/premiums	5,795,635	-	(348,307)	5,447,328 *	-
	<u>98,443,611</u>	<u>-</u>	<u>(6,422,571)</u>	<u>92,021,040</u>	<u>6,102,272</u>
Other liabilities					
Net pension liability - TMRS	1,324,084	47,647	-	1,371,731	-
Total OPEB liability	154,841	-	(1,487)	153,354	2,917
Compensated absences	167,882	103,989	-	271,871	197,435
Total business-type activities	<u>\$ 100,090,418</u>	<u>\$ 151,636</u>	<u>\$ (6,424,058)</u>	<u>\$ 93,817,996</u>	<u>\$ 6,302,624</u>
				Long-term debt due in more than one year	<u>\$ 87,515,372</u>
				*Debt associated with business-type activities capital assets	<u>\$ 92,021,040</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
Governmental activities		
General obligation bonds		
Series 2017 refunding	3.00%	\$ 1,496,284
Total general obligation bonds		<u>1,496,284</u>
Certificates of obligation		
Series 2019	3.00-5.00%	11,155,000
Series 2020	1.00-4.00%	4,170,000
Series 2023	4.00-5.00%	5,835,000
Series 2025	4.25-6.25%	24,945,000
Total certificates of obligation		<u>46,105,000</u>
Other debt liabilities		
Note payable	3.24%	106,427
Leases payable	4.00%	<u>3,066,766</u>
Total governmental activities long-term debt		<u>\$ 50,774,477</u>

<u>Description</u>	<u>Interest Rate</u>	<u>Balance</u>
Business-type activities		
General obligation bonds		
Series 2017 refunding	3.00%	\$ 643,712
Direct borrow ings/placements:		
Series 2013 refunding	2.95%	<u>2,200,000</u>
Total general obligation bonds		<u>2,843,712</u>
Certificates of obligation		
Series 2015	2.00-4.00%	<u>5,250,000</u>
Total certificates of obligation		<u>5,250,000</u>
Revenue bonds		
Series 2018	3.00-4.00%	6,035,000
Series 2019	3.00-5.00%	10,655,000
Series 2020	2.00-5.00%	12,970,000
Series 2021	2.00-5.00%	3,925,000
Series 2022	4.00-5.00%	21,990,000
Series 2023	4.00-5.00%	<u>22,905,000</u>
Total revenue bonds		<u>78,480,000</u>
Total business-type activities long-term debt		<u>\$ 86,573,712</u>

The City's direct borrowings and direct placements of debt are secured by the full faith and credit of the City. The related debt agreements do not contain provisions that would give rise to events of default with finance-related consequences, termination events with finance-related consequences, or subjective acceleration clauses.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

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. In general, the City uses the general and debt service funds to liquidate governmental activities long-term liabilities. 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 a portion of the debt payments from obligations are made from the service revenue from the water and sewer fund, sanitation fund, and emergency medical services fund, the service revenue from these funds is not pledged to secure the debt payment obligation.

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 this debt from water and sewer revenues.

During the fiscal year, the City issued \$24,945,000 in certificates of obligation series 2025 (the "Certificates"). The Certificates were issued for the design, acquisition, construction and equipment of a city hall, to serve as an administrative office building housing governmental functions of the City and containing municipal court facilities, including the demolition of the current city hall in connection with the design and construction of streets, sidewalks, and parking. The Certificates carry an interest rate of 4.25 to 6.25% and will mature in 2056.

The annual requirements to amortize bond and certificate debt issues outstanding at year end for governmental activities and business-type activities were as follows:

Fiscal Year Ended September 30,	Governmental Activities			
	General Obligation Bonds		Certificate of Obligation	
	Principal	Interest	Principal	Interest
2026	\$ 237,728	\$ 46,392	\$ 1,320,000	\$ 1,580,895
2027	248,216	37,862	1,660,000	1,904,069
2028	258,704	27,724	1,685,000	1,821,281
2029	265,696	18,564	1,705,000	1,737,088
2030	237,728	11,012	1,730,000	1,648,781
2031-2035	248,212	3,723	9,080,000	7,111,481
2036-2040	-	-	9,855,000	5,323,663
2041-2045	-	-	5,645,000	3,818,066
2046-2050	-	-	5,235,000	2,643,009
2051-2055	-	-	6,650,000	1,233,969
2056	-	-	1,540,000	38,500
	<u>\$ 1,496,284</u>	<u>\$ 145,277</u>	<u>\$ 46,105,000</u>	<u>\$ 28,860,802</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Fiscal Year Ended September 30,	Business-Type Activities			
	General Obligation Bonds		Certificate of Oligation	
	Principal	Interest	Principal	Interest
2026	\$ 812,272	\$ 74,474	\$ 525,000	\$ 165,375
2027	841,785	49,456	525,000	144,375
2028	866,296	23,081	525,000	123,375
2029	114,304	7,987	525,000	105,000
2030	102,272	4,738	525,000	89,250
2031-2035	106,783	1,602	2,625,000	206,719
	<u>\$ 2,843,712</u>	<u>\$ 161,338</u>	<u>\$ 5,250,000</u>	<u>\$ 834,094</u>

The City issues revenue bonds to provide funds for the acquisition and construction of major capital improvements to the water and sewer fund for business-type activities. The revenue bonds are pledged by revenues of the City's combined water works and sewer system. The annual debt service requirements for business-type activities are as follows:

Fiscal Year Ended September 30,	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2026	\$ 4,765,000	\$ 3,043,125
2027	4,765,000	2,809,525
2028	4,760,000	2,576,050
2029	4,750,000	2,348,494
2030	4,750,000	2,127,312
2031-2035	23,730,000	7,750,085
2036-2040	22,020,000	3,565,413
2041-2044	8,940,000	638,754
	<u>\$ 78,480,000</u>	<u>\$ 24,858,758</u>

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

Authorized Debt Limit: The City is authorized to issue debt up to 10% of the average full valuation of taxable real property which is currently \$202,529,028. The net indebtedness subject to the debt limit is \$4,339,996 resulting in a net debt contracting margin of \$198,189,032.

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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Note Payable: The City has a note payable for the purchase of public safety vehicles with payments that are due annually at an interest rate of 3.24%. The final payment for the note payable is due on October 15, 2027. The remaining annual requirements for the note payable at year end are as follows:

Fiscal Year Ended September 30,	Governmental Activities	
	Notes Payable	
	Principal	Interest
2026	\$ 34,311	\$ 3,448
2027	35,423	2,335
2028	36,693	1,186
	<u>\$ 106,427</u>	<u>\$ 6,969</u>

Lease Liability: The City was a lessee for the acquisition and use of equipment and vehicles. As of September 30, 2025, the value of the lease liability was \$3,066,766 for governmental activities. The City entered into various lease agreements for the use of vehicles and equipment during the fiscal year for \$2,256,493. The City made principal and interest payments on the lease in fiscal year 2025 for \$551,271. The City will continue to make principal and interest payments on the leases through the end of fiscal year 2033. The incremental borrowing rate on the equipment being leased is 4.00% while the incremental borrowing rate on the vehicles is 5.00%. The equipment is amortized based on the useful life of the assets as the City expects to exercise the purchase option at the end of the lease term. The vehicles are amortized based on the term of their lease. The value of the right-to-use assets for equipment and vehicles for fiscal year 2025 was \$3,796,519 and had accumulated amortization of \$759,236. The future principal and interest lease payments as of September 30, 2025 were as follows:

Fiscal Year Ended September 30,	Governmental Activities	
	Lease Liability	
	Principal	Interest
2026	\$ 800,013	\$ 133,087
2027	825,173	92,721
2028	762,507	52,468
2029	531,772	17,847
2030	34,688	5,892
2031-2035	112,613	9,127
	<u>\$ 3,066,766</u>	<u>\$ 311,142</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
General	Sales tax capital projects	\$ 464,056
General	Nonmajor governmental	438,982
General	Water and sewer	802,055
General	Sanitation	306,183
General	Emergency medical services	190,058
Nonmajor governmental	Nonmajor governmental	<u>1,070,353</u>
		<u>\$ 3,271,687</u>

Amounts transferred between the general and water and sewer funds and their subfunds are reported on the consolidated sub-fund statements with transfers related to specific activity and projects. Transfers to the general fund from the sales tax capital project fund, nonmajor governmental funds, sanitation fund, water and sewer fund, and the emergency medical services fund were related to costs for special projects. Transfers from nonmajor governmental funds to other nonmajor governmental funds were to transfer property tax collections in accordance with applicable agreements and to transfer donation funds to be used for special investigation fund projects.

Fund Equity: As of September 30, 2025, \$1,399,537 of the City's total fund balance is restricted by enabling legislation for municipal court security and technology, City communication, and tourism.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION

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 almost 3,000 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.

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.

Construction and Other Significant Commitments:

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

Governmental Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Moller Storm Improvements	\$ 1,814,263	\$ 1,675,025	\$ 139,238
Victory Lane and Clifford Street Improvements	1,615,266	640,200	975,066
Hood Street Improvements	664,000	171,000	493,000
Total Governmental Activities	<u>\$ 4,093,529</u>	<u>\$ 2,486,225</u>	<u>\$ 1,607,304</u>

Business-Type Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Water Line Improvements Phase 5	\$ 718,000	\$ 382,496	\$ 335,504
Waste Water Treatment Plant Upgrade	77,239,636	12,730,386	64,509,250
Lift Station #23 Expansion	34,780,575	1,622,394	33,158,181
Lift Station #33 Pump Replacement	317,645	220,461	97,184
Total Business-Type Activities	<u>\$ 113,055,856</u>	<u>\$ 14,955,737</u>	<u>\$ 98,100,119</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Pension Plans:

Texas Municipal Retirement System

Plan Description: The City participates as one of over 938 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmr.com.

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

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

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions 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:

	2025	2024
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/hrs 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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	163
Inactive employees entitled to, but not yet receiving, benefits	291
Active employees	236
Total	<u>690</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Contributions: Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, 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 actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 17.42% and 17.92% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2025 were \$2,903,002, which were equal to the required contributions.

Net Pension Liability: The City's Net Pension Liability (NPL) was measured as of December 31, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payment growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income 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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global equity	35%	7.1%
Core fixed income	6%	5.0%
Non-core fixed income	6%	6.8%
Hedge funds	5%	6.4%
Private equity	13%	8.5%
Private debt	13%	8.2%
Real estate	12%	6.7%
Infrastructure	6%	6.0%
Other public and private markets	4%	7.3%
Total	<u>100%</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 member and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS'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	\$ 2,838,596	\$ -	\$ 2,838,596
Interest	5,815,501	-	5,815,501
Difference between expected and actual experience	1,525,175	-	1,525,175
Contributions - employer	-	2,796,852	(2,796,852)
Contributions - employee	-	1,123,879	(1,123,879)
Net investment income	-	7,892,612	(7,892,612)
Benefit payments, including refunds of employee contributions	(3,914,814)	(3,914,814)	-
Administrative expense	-	(50,669)	50,669
Other changes	-	(1,185)	1,185
Net Changes	6,264,458	7,846,675	(1,582,217)
Balance at December 31, 2023	86,693,679	76,035,656	10,658,023
Balance at December 31, 2024	<u>\$ 92,958,137</u>	<u>\$ 83,882,331</u>	<u>\$ 9,075,806</u>

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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	\$ 22,368,233	\$ 9,075,806	\$ 1,766,413

Pension Plan Fiduciary Net Position: Detailed information about the TMRS fiduciary net position is available in a Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal year ended September 30, 2025, the City recognized pension expense of \$3,087,107.

At September 30, 2025, 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
Difference between expected and actual economic experience	\$ 1,177,729	\$ -
Changes in assumptions	-	(230,399)
Net difference between projected and actual investment earnings	-	(836,519)
Contributions subsequent to the measurement date	2,143,979	-
Total	\$ 3,321,708	\$ (1,066,918)

\$2,143,979 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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ended September 30,</u>	<u>Pension Expense</u>
2026	\$ 553,996
2027	1,323,787
2028	(1,214,933)
2029	(552,039)
Total	\$ 110,811

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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 Texas Emergency Services Retirement System (TESRS) and established and administered by the State to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. At August 31, 2024, there were 244 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, 2024, TESRS's membership consisted of:

Retirees and beneficiaries currently receiving benefits	4,122
Terminated members entitled to benefits but not yet receiving them	1,806
Active participants (vested and nonvested)	3,394
	<u>9,322</u>

Pension Plan Fiduciary Net Position: TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, Required Supplementary Information, and detailed information about TESRS's fiduciary net position, 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.

Benefit 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/her 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.

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.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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 percent of the Part One portion (not to exceed 15%), is to be actuarially adjusted every two years based on the most recent actuarial valuation. Based on the August 31, 2024 actuarial valuation, even the maximum 15% Part Two contributions are not enough to have an adequate contribution arrangement.

Additional contributions may be made by governing bodies within two years of joining TESRS to grant up to 15 years of credit for prior 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.

Ultimately, the contribution policy also depends upon the total return of the System's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the year ending August 31, 2024, the money-weighted rate of return on pension plan investments was 11.85%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

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 September 30, 2025, total contributions (dues, prior service, and interest on prior service financing) of \$160,820 were paid by the City. The State appropriated \$1,292,763 for the fiscal year ending August 31, 2024 to TESRS as a whole.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions: The TPL in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	August 31, 2024
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value smoothed by a 5-year deferred recognition method with an 80%/120% corridor on market value
Actuarial assumptions	
Investment rate of return*	7.25%
Projected salary increases	N/A
* Includes inflation at	2.75%
Cost-of-living adjustment	None

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019. 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 4.6%) and by adding expected inflation (2.75%). In addition, the final 7.25% assumption was selected by rounding down.

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	20%	5.71%
Small/mid cap domestic	10%	5.98%
Developed international	15%	6.19%
Emerging markets	5%	7.38%
Global infrastructure	5%	6.63%
Real estate	10%	4.50%
Multi-asset income	5%	3.75%
Fixed income	30%	1.97%
Cash	0%	0.00%
Total	<u>100%</u>	
Weighted average		4.60%

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 5.38%. The projection of cash flows was used to determine the discount rate assumed that contributions of the governing bodies will be made at the contribution rate as of August 31, 2024 actuarial valuation. Based on these assumptions, the TESRS's fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2051. Therefore, the discount rate of 5.38% is the single rate of return that results in a present value of all projected benefits equal to the sum of the present value of benefits through 2051 discounted at the long-term expected rate of return of 7.25% and the present value of benefits after 2051 discounted at the 3.87% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near August 31, 2024.

Discount Rate Sensitivity Analysis: The following presents the net pension liability of the City, calculated using the discount rate of 5.38%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.38%) or one percentage point higher (6.38%) than the current rate:

	1% Decrease in Discount Rate (4.38%)	Discount Rate (5.38%)	1% Increase in Discount Rate (6.38%)
City's proportionate share of the net pension liability/(asset)	\$ 3,240,863	\$ 2,348,287	\$ 1,643,670

Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions: At September 30, 2025, the City reported a liability of \$2,348,287 for its proportionate share of the TESRS's TPL. This liability reflects a reduction for State pension support provided to the City. The amount recognized by the City as its proportionate share of the 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	\$ 2,348,287
State's proportionate share that is associated with the City*	588,135
	<u>\$ 2,936,422</u>

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

The TPL used to calculate the NPL was determined by an actuarial valuation as of August 31, 2024. GASB Statement No. 68 requires the net pension liability to be measured as of a date no earlier than the end of the employer's prior fiscal year. TESRS did not roll forward (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, 2024. The City used the assumption that any differences in the NPL measured as of August 31, 2024 versus September 30, 2024 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, 2023 thru August 31, 2024.

At September 30, 2025, the City's proportion of the collective NPL was 2.187%, which was a decrease of 0.317% from its proportion measured as of September 30, 2024.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

The discount rate decreased from 7.50% as of August 31, 2023 to 5.38% as of August 31, 2024. There were no other changes of assumptions or other inputs that affected measurement of the net pension liability during the measurement period.

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

For the year ended September 30, 2024 the City recognized pension expense of \$775,108. On-behalf revenues and expenditures were immaterial and not recognized by the City.

At September 30, 2025, the City reported its proportionate share of the TESRS's deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual investment earnings	\$ 126,103	\$ -
Changes in assumptions	836,510	-
Difference between expected and actual experience	78,632	-
Contributions paid to TESRS subsequent to the measurement date	160,820	-
Total	<u>\$ 1,202,065</u>	<u>\$ -</u>

The contributions paid to TESRS subsequent to the measurement date of the net pension liability but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The net amounts of the City's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year ended September 30,</u>	Pension Expense <u>Amount</u>
2026	\$ 618,296
2027	460,708
2028	(14,041)
2029	(23,718)
Total	<u>\$ 1,041,245</u>

Aggregate Pension: The aggregate amounts of pension expense, NPL, deferred outflows, and deferred inflows for the TMRS and TESRS pension plans were \$3,862,215, \$11,424,095, \$4,523,773, and \$1,066,918.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Other Postemployment Benefits:

TMRS Supplemental Death Benefit

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 Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

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, 2024 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	113
Inactive employees entitled to, but not yet receiving, benefits	37
Active employees	<u>236</u>
Total	<u><u>386</u></u>

Total OPEB Liability: The City's total OPEB liability of \$640,499 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate*	4.08%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

* The discount rate was based on the Bond Buyer “20-Bond GO Index” rate closet to, but not later than December 31, 2024.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022. The assumptions were adopted in 2023 and first used in December 31, 2023.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Changes for the year	
Service cost	\$ 27,294
Interest	24,545
Difference between expected and actual experience	(4,088)
Changes in assumptions	(34,228)
Benefit payments*	(20,872)
Net changes	(7,349)
Beginning balance	647,848
Ending balance	<u>\$ 640,499</u>

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

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

The discount rate increased from 3.77% as of December 31, 2023 to 4.08% as of December 31, 2024. 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.

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 (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City's total OPEB liability	\$ 761,265	\$ 640,499	\$ 545,966

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2025, the City recognized OPEB expense of \$14,665. 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	\$ -	\$ (20,972)
Changes in assumptions	30,082	(159,496)
Contributions subsequent to the measurement date	15,553	-
Total	\$ 45,635	\$ (180,468)

\$15,553 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, 2026.

(Continued)

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
September 30, 2025

NOTE 4 - OTHER INFORMATION (Continued)

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

<u>Fiscal Year ended September 30,</u>	<u>OPEB Expense Amount</u>
2026	\$ (58,385)
2027	(63,680)
2028	(21,294)
2029	(5,845)
2030	<u>(1,182)</u>
Total	<u>\$ (150,386)</u>

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

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 \$552,152 related to this Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 14,217,329	\$ 14,287,329	\$ 13,298,327	\$ (989,002)
Sales taxes	3,455,945	3,660,945	3,661,376	431
Franchise fees	1,242,500	1,242,500	1,173,309	(69,191)
Other taxes	629,660	629,660	628,307	(1,353)
Licenses and permits	1,444,800	1,444,800	1,389,176	(55,624)
Fines and forfeitures	506,500	526,000	594,141	68,141
Charges for services	631,050	934,800	1,007,198	72,398
Intergovernmental	366,672	964,172	596,600	(367,572)
Investment revenue	400,700	472,700	343,763	(128,937)
Other revenue	5,000	5,000	52,084	47,084
Total revenues	<u>22,900,156</u>	<u>24,167,906</u>	<u>22,744,281</u>	<u>(1,423,625)</u>
Expenditures				
General government				
Administrative	6,292,037	6,975,537	6,814,292	161,245
City Attorney's office	419,621	409,621	368,766	40,855
City Manager's office	445,221	445,221	438,311	6,910
Finance	1,646,236	1,851,736	1,760,399	91,337
Economic development	410,947	410,947	397,482	13,465
Total general government expenditures	<u>9,214,062</u>	<u>10,093,062</u>	<u>9,779,250</u>	<u>313,812</u>
Public safety				
Police	11,126,656	11,229,306	11,062,904	166,402
Fire	1,487,596	1,469,946	1,431,758	38,188
Total public safety expenditures	<u>12,614,252</u>	<u>12,699,252</u>	<u>12,494,662</u>	<u>204,590</u>

(Continued)

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the year ended September 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Public services	\$ 1,621,143	\$ 1,621,143	\$ 1,621,143	\$ -
Community services	208,935	193,935	185,581	8,354
Culture, parks, and recreation	1,579,323	1,898,073	1,898,073	-
Capital outlay	70,980	70,980	70,980	-
Debt service				
Principal	61,740	61,740	61,740	-
Interest	16,598	16,598	16,598	-
Total expenditures	<u>25,387,033</u>	<u>26,654,783</u>	<u>26,128,027</u>	<u>526,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,486,877)</u>	<u>(2,486,877)</u>	<u>(3,383,746)</u>	<u>(896,869)</u>
Other financing sources (uses)				
Transfers in	<u>2,176,744</u>	<u>2,202,744</u>	<u>2,201,334</u>	<u>(1,410)</u>
Total other financing sources (uses)	<u>2,176,744</u>	<u>2,202,744</u>	<u>2,201,334</u>	<u>(1,410)</u>
Net change in fund balance	<u>\$ (310,133)</u>	<u>\$ (284,133)</u>	<u>(1,182,412)</u>	<u>\$ (898,279)</u>
Beginning fund balance			<u>13,702,239</u>	
Ending fund balance			<u>\$ 12,519,827</u>	

Notes to Required Supplementary Information:

- 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, 2025

	Measurement Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 2,838,596	\$ 2,466,269	\$ 2,246,496	\$ 2,129,603	\$ 1,960,996	\$ 1,835,604	\$ 1,815,221	\$ 1,851,461	\$ 1,738,557	\$ 1,616,487
Interest (on total pension liability)	5,815,501	5,545,235	5,252,290	4,910,093	4,647,018	4,370,163	4,146,821	3,959,729	3,776,318	3,719,799
Difference between expected and actual experience	1,525,175	556,316	596,882	1,296,789	25,922	83,126	(157,638)	(620,978)	(446,258)	(321,137)
Change of assumptions	-	(705,447)	-	-	-	341,667	-	-	-	(1,849)
Benefit payments, including refunds of employee contributions	(3,914,814)	(4,174,364)	(3,556,911)	(3,093,790)	(2,547,848)	(2,635,576)	(2,376,061)	(2,424,659)	(2,391,073)	(2,146,679)
Net change in total pension liability	6,264,458	3,688,009	4,538,757	5,242,695	4,086,088	3,994,984	3,428,343	2,765,553	2,677,544	2,866,621
Beginning total pension liability	86,693,679	83,005,670	78,466,913	73,224,218	69,138,130	65,143,146	61,714,803	58,949,250	56,271,706	53,405,085
Ending total pension liability	<u>\$ 92,958,137</u>	<u>\$ 86,693,679</u>	<u>\$ 83,005,670</u>	<u>\$ 78,466,913</u>	<u>\$ 73,224,218</u>	<u>\$ 69,138,130</u>	<u>\$ 65,143,146</u>	<u>\$ 61,714,803</u>	<u>\$ 58,949,250</u>	<u>\$ 56,271,706</u>
Plan fiduciary net position										
Contributions - employer	\$ 2,796,852	\$ 2,488,288	\$ 2,269,285	\$ 2,198,093	\$ 1,990,464	\$ 1,837,781	\$ 1,884,709	\$ 1,936,060	\$ 1,720,047	\$ 1,679,984
Contributions - employee	1,123,879	1,027,612	938,274	887,863	819,734	762,113	748,324	761,470	712,941	692,922
Net investment income	7,892,612	7,957,617	(5,442,664)	8,606,491	4,640,479	8,197,761	(1,630,593)	6,596,839	3,012,957	65,412
Benefit payments, including refunds of employee contributions	(3,914,814)	(4,174,364)	(3,556,911)	(3,093,790)	(2,547,848)	(2,635,576)	(2,376,061)	(2,424,659)	(2,391,073)	(2,146,679)
Administrative expense	(50,669)	(50,648)	(47,104)	(39,817)	(30,030)	(46,320)	(31,512)	(34,188)	(34,025)	(39,842)
Other	(1,185)	(354)	56,210	273	(1,172)	(1,392)	(1,646)	(1,733)	(1,833)	(1,967)
Net change in plan fiduciary net position	7,846,675	7,248,151	(5,782,910)	8,559,113	4,871,627	8,114,367	(1,406,779)	6,833,789	3,019,014	249,830
Beginning plan fiduciary net position	76,035,656	68,787,505	74,570,415	66,011,302	61,139,675	53,025,308	54,432,087	47,598,298	44,579,284	44,329,454
Ending plan fiduciary net position	<u>\$ 83,882,331</u>	<u>\$ 76,035,656</u>	<u>\$ 68,787,505</u>	<u>\$ 74,570,415</u>	<u>\$ 66,011,302</u>	<u>\$ 61,139,675</u>	<u>\$ 53,025,308</u>	<u>\$ 54,432,087</u>	<u>\$ 47,598,298</u>	<u>\$ 44,579,284</u>
Net pension liability	<u>\$ 9,075,806</u>	<u>\$ 10,658,023</u>	<u>\$ 14,218,165</u>	<u>\$ 3,896,498</u>	<u>\$ 7,212,916</u>	<u>\$ 7,998,455</u>	<u>\$ 12,117,838</u>	<u>\$ 7,282,716</u>	<u>\$ 11,350,952</u>	<u>\$ 11,692,422</u>
Plan fiduciary net position as a percentage of total pension liability	90.24%	87.71%	82.87%	95.03%	90.15%	88.43%	81.40%	88.20%	80.74%	79.22%
Covered payroll	\$ 16,055,409	\$ 14,680,174	\$ 13,403,916	\$ 12,683,756	\$ 11,700,455	\$ 10,887,330	\$ 10,690,348	\$ 10,878,149	\$ 10,184,868	\$ 9,898,879
Net pension liability as a percentage of covered payroll	56.53%	72.60%	106.07%	30.72%	61.65%	73.47%	113.35%	66.95%	111.45%	118.12%

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, 2025

	Measurement Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	2.187%	2.504%	2.255%	2.147%	2.338%	2.377%	2.175%	2.037%	2.284%	2.040%
City's proportionate share of the net pension liability	\$ 2,348,287	\$ 1,083,909	\$ 925,228	\$ 230,033	\$ 589,430	\$ 673,774	\$ 470,897	\$ 488,923	\$ 665,359	\$ 545,886
State's proportionate share of the net pension liability	<u>588,135</u>	<u>287,277</u>	<u>240,173</u>	<u>63,685</u>	<u>168,029</u>	<u>199,860</u>	<u>130,691</u>	<u>160,103</u>	<u>230,021</u>	<u>189,220</u>
Total	<u>\$ 2,936,422</u>	<u>\$ 1,371,186</u>	<u>\$ 1,165,401</u>	<u>\$ 293,718</u>	<u>\$ 757,459</u>	<u>\$ 873,634</u>	<u>\$ 601,588</u>	<u>\$ 649,026</u>	<u>\$ 895,380</u>	<u>\$ 735,106</u>
Number of Active Members*	43	43	43	45	45	45	45	44	50	50
City's net pension liability per active member	\$ 54,611	\$ 25,207	\$ 21,517	\$ 5,112	\$ 13,098	\$ 14,973	\$ 10,464	\$ 11,112	\$ 13,307	\$ 10,918
Plan fiduciary net position as a percentage of the total pension liability	56.3%	74.6%	75.2%	93.1%	83.2%	80.2%	84.3%	81.4%	76.3%	76.9%

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

Notes to Required Supplementary Information:

1. Determined from the beginning of the year total pension liability using the roll forward procedure allowed by GASB 68.

CITY OF ALVIN, TEXAS
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM – SUPPLEMENTAL DEATH BENEFITS FUND (TMRS SDBF)
For the year ended September 30, 2025

	Measurement Year*							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 27,294	\$ 23,488	\$ 45,573	\$ 46,930	\$ 33,931	\$ 21,775	\$ 23,519	\$ 20,668
Interest (on the total OPEB liability)	24,545	24,008	16,371	16,556	18,881	20,877	19,029	18,568
Difference between expected and actual experience	(4,088)	(2,646)	(27,739)	(13,797)	(19,091)	(30,934)	(7,769)	-
Change of assumptions	(34,228)	31,493	(303,201)	27,290	110,294	110,590	(41,769)	47,344
Benefit payments	(20,872)	(19,084)	(14,744)	(13,952)	(4,680)	(4,355)	(4,276)	(4,351)
Net change in total OPEB liability	(7,349)	57,259	(283,740)	63,027	139,335	117,953	(11,266)	82,229
Beginning total OPEB liability	647,848	590,589	874,329	811,302	671,967	554,014	565,280	483,051
Ending total OPEB liability	<u>\$ 640,499</u>	<u>\$ 647,848</u>	<u>\$ 590,589</u>	<u>\$ 874,329</u>	<u>\$ 811,302</u>	<u>\$ 671,967</u>	<u>\$ 554,014</u>	<u>\$ 565,280</u>
Covered employee payroll	\$ 16,055,409	\$ 14,680,174	\$ 13,403,916	\$ 12,683,756	\$ 11,700,455	\$ 10,887,330	\$ 10,690,348	\$ 10,878,149
Total OPEB liability as a percentage of covered employee payroll	3.99%	4.41%	4.41%	6.89%	6.93%	6.17%	5.18%	5.20%

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

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 Inflation Salary increases Discount rate Administrative expenses Mortality rates - service retirees Mortality rates - disabled retirees	Entry age normal 2.50% 3.60% to 11.85% including inflation 4.08% All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68. 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
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- Other Information: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The discount rate was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024. The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial study for the period ending December 31, 2022. 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, 2025

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,903,002	\$ 2,626,122	\$ 2,457,785	\$ 2,232,695	\$ 2,233,887	\$ 1,943,783	\$ 1,851,134	\$ 1,872,284	\$ 1,875,080	\$ 1,709,898
Contributions in relation to the actuarially determined contribution	<u>2,903,002</u>	<u>2,626,122</u>	<u>2,457,785</u>	<u>2,232,695</u>	<u>2,233,887</u>	<u>1,943,783</u>	<u>1,851,134</u>	<u>1,872,284</u>	<u>1,875,080</u>	<u>1,709,898</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,321,359	\$ 15,168,971	\$ 14,505,176	\$ 13,116,767	\$ 12,924,196	\$ 11,455,188	\$ 10,835,370	\$ 10,592,375	\$ 10,679,704	\$ 10,123,318
Contributions as a percentage of covered payroll	17.79%	17.31%	16.94%	17.02%	17.28%	16.97%	17.08%	17.68%	17.56%	16.89%

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 Amortization method Remaining amortization period Asset valuation method Inflation Salary increases Investment rate of return Retirement age Mortality	Entry age normal Level percentage of payroll, closed 21 years 10 year smoothed market; 12.00% soft corridor 2.50% 3.60% to 11.85% including inflation 6.75% Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
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- Other Information: There were no benefit changes during the year.

CITY OF ALVIN, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM (TESRS)
For the year ended September 30, 2025

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	160,820	\$ 57,405	\$ 119,285	\$ 109,675	\$ 103,075	\$ 109,005	\$ 106,520	\$ 104,155	\$ 98,525	\$ 104,650
Contributions in relation to the contractually required contribution	<u>160,820</u>	<u>57,405</u>	<u>119,285</u>	<u>109,675</u>	<u>103,075</u>	<u>109,005</u>	<u>106,520</u>	<u>104,155</u>	<u>98,525</u>	<u>104,650</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Number of active members*	62	22	46	47	44	47	46	47	47	50
Contributions per active member	\$ 2,594	\$ 2,609	\$ 2,593	\$ 2,334	\$ 2,343	\$ 2,319	\$ 2,316	\$ 2,216	\$ 2,096	\$ 2,093

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

COMBINING STATEMENTS AND SCHEDULES

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, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 2,414,511	\$ 2,415,011	\$ 2,401,330	\$ (13,681)
Investment revenue	-	-	-	-
Total revenues	<u>2,414,511</u>	<u>2,415,011</u>	<u>2,401,330</u>	<u>(13,681)</u>
Expenditures				
Debt service				
Principal	1,548,430	1,548,430	1,548,430	-
Interest and fiscal charges	<u>852,106</u>	<u>852,606</u>	<u>852,430</u>	<u>176</u>
Total expenditures	<u>2,400,536</u>	<u>2,401,036</u>	<u>2,400,860</u>	<u>176</u>
Net change in fund balance	<u>\$ 13,975</u>	<u>\$ 13,975</u>	470	<u>\$ (13,505)</u>
Beginning fund balance			<u>84,139</u>	
Ending fund balance			<u>\$ 84,609</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
FUND DESCRIPTIONS
September 30, 2025

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/motel tax revenue from local hotels and motels.

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.

Consolidated Municipal Court Security and Technology Fund - This fund is used to account for both court security and computer technology for collections of fees after enabling legislation allowed for consolidation of funds.

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

Juvenile Case Manager Fund - This fund is used to account for revenues and expenditures 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 (PEG) access

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 Fund - 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 Fund

The fund is 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
September 30, 2025

Special Revenue Funds						
	<u>Hotel/ Motel</u>	<u>Special Investigation</u>	<u>Court Building Security</u>	<u>Municipal Court Technology</u>	<u>Donation</u>	<u>Juvenile Case Manager</u>
ASSETS						
Cash and equity in pooled cash and investments	\$ 427,949	\$ 112,176	\$ 69,069	\$ 43,349	\$ 51,948	\$ 41,170
Receivables, net	236,632	-	-	-	-	-
Total assets	<u>\$ 664,581</u>	<u>\$ 112,176</u>	<u>\$ 69,069</u>	<u>\$ 43,349</u>	<u>\$ 51,948</u>	<u>\$ 41,170</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 13,050	\$ 890	\$ 248	\$ 203	\$ 3,132	\$ -
Total liabilities	<u>13,050</u>	<u>890</u>	<u>248</u>	<u>203</u>	<u>3,132</u>	<u>-</u>
FUND BALANCES						
Restricted for						
Sidewalk projects	-	-	-	-	-	-
Enabling legislation	651,531	-	68,821	43,146	-	-
Tax increment reinvestment zone	-	-	-	-	-	-
Permanent fund	-	-	-	-	-	-
Assigned to						
Special projects	-	111,286	-	-	48,816	41,170
Total fund balances	<u>651,531</u>	<u>111,286</u>	<u>68,821</u>	<u>43,146</u>	<u>48,816</u>	<u>41,170</u>
Total liabilities and fund balances	<u>\$ 664,581</u>	<u>\$ 112,176</u>	<u>\$ 69,069</u>	<u>\$ 43,349</u>	<u>\$ 51,948</u>	<u>\$ 41,170</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

Special Revenue Funds						
	<u>Senior</u>	<u>Park Dedication</u>	<u>Comcast PEG Fees</u>	<u>TIRZ No. 1</u>	<u>TIRZ No. 2</u>	<u>TIRZ No. 3</u>
ASSETS						
Cash and equity in pooled cash and investments	\$ 20,988	\$ 544,289	\$ 548,155	\$ 20,788	\$ 332,573	\$ -
Receivables, net	-	-	14,349	-	-	-
Total assets	<u>\$ 20,988</u>	<u>\$ 544,289</u>	<u>\$ 562,504</u>	<u>\$ 20,788</u>	<u>\$ 332,573</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,003	\$ -	\$ 287	\$ -	\$ -	\$ -
Total liabilities	<u>1,003</u>	<u>-</u>	<u>287</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted for						
Sidewalk projects	-	-	-	-	-	-
Enabling legislation	-	-	562,217	-	-	-
Tax increment reinvestment zone	-	-	-	20,788	332,573	-
Permanent fund	-	-	-	-	-	-
Assigned to						
Special projects	19,985	544,289	-	-	-	-
Total fund balances	<u>19,985</u>	<u>544,289</u>	<u>562,217</u>	<u>20,788</u>	<u>332,573</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 20,988</u>	<u>\$ 544,289</u>	<u>\$ 562,504</u>	<u>\$ 20,788</u>	<u>\$ 332,573</u>	<u>\$ -</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2025

	Special Revenue Funds			Permanent Fund	
	Consolidated				
	Municipal Court Security and Technology	Kendall Lakes TIRZ Redevelop. Authority	Sidewalk	Cemetery	Total Nonmajor Governmental Funds
ASSETS					
Cash and equity in pooled cash and investments	\$ 73,822	\$ 3,881,035	\$ 119,627	\$ 908,446	\$ 7,195,384
Receivables, net	-	641	-	-	251,622
Total assets	<u>\$ 73,822</u>	<u>\$ 3,881,676</u>	<u>\$ 119,627</u>	<u>\$ 908,446</u>	<u>\$ 7,447,006</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 2,310	\$ -	\$ 75	\$ 21,198
Total liabilities	<u>-</u>	<u>2,310</u>	<u>-</u>	<u>75</u>	<u>21,198</u>
FUND BALANCES					
Restricted for					
Sidewalk projects	-	-	119,627	-	119,627
Enabling legislation	73,822	-	-	-	1,399,537
Tax increment reinvestment zone	-	3,879,366	-	-	4,232,727
Permanent fund	-	-	-	908,371	908,371
Assigned to					
Special projects	-	-	-	-	765,546
Total fund balances	<u>73,822</u>	<u>3,879,366</u>	<u>119,627</u>	<u>908,371</u>	<u>7,425,808</u>
Total liabilities and fund balances	<u>\$ 73,822</u>	<u>\$ 3,881,676</u>	<u>\$ 119,627</u>	<u>\$ 908,446</u>	<u>\$ 7,447,006</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	Special Revenue Funds					
	<u>Hotel/ Motel</u>	<u>Special Investigation</u>	<u>Court Building Security</u>	<u>Municipal Court Technology</u>	<u>Donation</u>	<u>Juvenile Case Manager</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	-	-	-	-	-	-
Other taxes	468,117	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	-	56,994	-	-	63,370	-
Investment revenue	65,079	3,191	304	171	4,044	303
Other revenue	390	3,531	-	-	-	14,747
Total revenues	<u>533,586</u>	<u>63,716</u>	<u>304</u>	<u>171</u>	<u>67,414</u>	<u>15,050</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	19,467	-	-	59,476	31,446
Community services	403,385	-	-	-	-	-
Culture, parks, and recreation	-	-	-	-	16,639	-
Debt service						
Principal	2,310	-	-	-	-	-
Interest and fiscal charges	535	-	-	-	-	-
Capital outlay	-	47,671	-	-	-	-
Total expenditures	<u>406,230</u>	<u>67,138</u>	<u>-</u>	<u>-</u>	<u>76,115</u>	<u>31,446</u>
Excess (deficiency) of revenues over (under) expenditures	<u>127,356</u>	<u>(3,422)</u>	<u>304</u>	<u>171</u>	<u>(8,701)</u>	<u>(16,396)</u>
Other financing sources (uses)						
Transfer in	-	-	-	-	-	-
Transfers (out)	-	-	(75,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	127,356	(3,422)	(74,696)	171	(8,701)	(16,396)
Beginning fund balance	524,175	114,708	143,517	42,975	57,517	57,566
Ending fund balance	<u>\$ 651,531</u>	<u>\$ 111,286</u>	<u>\$ 68,821</u>	<u>\$ 43,146</u>	<u>\$ 48,816</u>	<u>\$ 41,170</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	Special Revenue Funds					
	<u>Senior</u>	<u>Park Dedication</u>	<u>Comcast PEG Fees</u>	<u>TIRZ No. 1</u>	<u>TIRZ No. 2</u>	<u>TIRZ No. 3</u>
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 10,028	\$ 1,047,574	\$ -
Franchise fees	-	-	31,266	-	-	-
Other taxes	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment revenue	273	17,981	3,309	109	6,335	-
Other revenue	12,737	146,200	-	-	-	-
Total revenues	<u>13,010</u>	<u>164,181</u>	<u>34,575</u>	<u>10,137</u>	<u>1,053,909</u>	<u>-</u>
Expenditures						
Current						
General government	-	-	5,498	-	-	-
Public safety	-	-	-	-	-	-
Community services	8,187	-	-	-	-	-
Culture, parks, and recreation	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Capital outlay	-	214,742	-	-	-	-
Total expenditures	<u>8,187</u>	<u>214,742</u>	<u>5,498</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,823</u>	<u>(50,561)</u>	<u>29,077</u>	<u>10,137</u>	<u>1,053,909</u>	<u>-</u>
Other financing sources (uses)						
Transfer in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	(995,187)	(25,756)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(995,187)</u>	<u>(25,756)</u>
Net change in fund balance	4,823	(50,561)	29,077	10,137	58,722	(25,756)
Beginning fund balance	15,162	594,850	533,140	10,651	273,851	25,756
Ending fund balance	<u>\$ 19,985</u>	<u>\$ 544,289</u>	<u>\$ 562,217</u>	<u>\$ 20,788</u>	<u>\$ 332,573</u>	<u>\$ -</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended September 30, 2025

	Special Revenue Funds			Permanent Fund	
	Consolidated Municipal Court Security and Technology	Kendall Lakes TIRZ Redevelop. Authority	Sidewalk	Cemetery	Total Nonmajor Governmental Funds
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,057,602
Franchise fees	-	-	-	-	31,266
Other taxes	-	-	-	-	468,117
Fines and forfeitures	25,869	-	-	-	25,869
Charges for services	-	-	11,784	105,250	117,034
Intergovernmental	-	-	-	-	120,364
Investment revenue	2,740	78,500	2,585	34,628	219,552
Other revenue	-	-	-	-	177,605
Total revenues	<u>28,609</u>	<u>78,500</u>	<u>14,369</u>	<u>139,878</u>	<u>2,217,409</u>
Expenditures					
Current					
General government	-	5,968	-	-	11,466
Public safety	29,787	-	-	-	140,176
Community services	-	-	-	42,916	454,488
Culture, parks, and recreation	-	-	-	-	16,639
Debt service					
Principal	-	-	-	-	2,310
Interest and fiscal charges	-	-	-	-	535
Capital outlay	-	-	-	-	262,413
Total expenditures	<u>29,787</u>	<u>5,968</u>	<u>-</u>	<u>42,916</u>	<u>888,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,178)</u>	<u>72,532</u>	<u>14,369</u>	<u>96,962</u>	<u>1,329,382</u>
Other financing sources (uses)					
Transfer in	75,000	995,353	-	-	1,070,353
Transfers (out)	-	(357,379)	-	(56,013)	(1,509,335)
Total other financing sources (uses)	<u>75,000</u>	<u>637,974</u>	<u>-</u>	<u>(56,013)</u>	<u>(438,982)</u>
Net change in fund balance	73,822	710,506	14,369	40,949	890,400
Beginning fund balance	-	3,168,860	105,258	867,422	6,535,408
Ending fund balance	<u>\$ 73,822</u>	<u>\$ 3,879,366</u>	<u>\$ 119,627</u>	<u>\$ 908,371</u>	<u>\$ 7,425,808</u>

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
HOTEL/MOTEL
For the year ended September 30, 2025

	Hotel/Motel			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Hotel/motel occupancy tax	\$ 325,000	\$ 325,000	\$ 468,117	\$ 143,117
Investment revenue	49,500	49,500	65,079	15,579
Other revenue	100	100	390	290
Total revenues	<u>374,600</u>	<u>374,600</u>	<u>533,586</u>	<u>158,986</u>
Expenditures				
Current				
Community services	440,304	440,304	403,385	36,919
Debt service				
Principal	2,310	2,310	2,310	-
Interest and fiscal charges	550	550	535	15
Total expenditures	<u>443,164</u>	<u>443,164</u>	<u>406,230</u>	<u>36,934</u>
Net change in fund balance	<u>\$ (68,564)</u>	<u>\$ (68,564)</u>	127,356	<u>\$ 195,920</u>
Beginning fund balance			<u>524,175</u>	
Ending fund balance			<u>\$ 651,531</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
SPECIAL INVESTIGATION
For the year ended September 30, 2025

	Special Investigation			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 11,250	\$ 61,250	\$ 56,994	\$ (4,256)
Investment revenue	2,200	2,200	3,191	991
Other revenue	30,000	30,000	3,531	(26,469)
Total revenues	<u>43,450</u>	<u>93,450</u>	<u>63,716</u>	<u>(29,734)</u>
Expenditures				
Current				
Public safety	43,450	43,450	19,467	23,983
Capital outlay	-	50,000	47,671	2,329
Total expenditures	<u>43,450</u>	<u>93,450</u>	<u>67,138</u>	<u>26,312</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,422)	<u>\$ (3,422)</u>
Beginning fund balance			114,708	
Ending fund balance			<u>\$ 111,286</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
COURT BUILDING SECURITY
For the year ended September 30, 2025

	Court Building Security			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 13,500	\$ 13,500	\$ -	\$ (13,500)
Investment revenue	2,500	2,500	304	(2,196)
Total revenues	<u>16,000</u>	<u>16,000</u>	<u>304</u>	<u>(15,696)</u>
Expenditures				
Current				
Public safety	<u>36,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>36,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,354)</u>	<u>16,000</u>	<u>304</u>	<u>(15,696)</u>
Other financing sources (uses)				
Transfers out	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (20,354)</u>	<u>\$ (59,000)</u>	<u>(74,696)</u>	<u>\$ (15,696)</u>
Beginning fund balance			<u>143,517</u>	
Ending fund balance			<u>\$ 68,821</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
MUNICIPAL COURT TECHNOLOGY
For the year ended September 30, 2025

	Municipal Court Technology			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ -	\$ (11,000)
Investment revenue	100	100	171	71
Total revenues	<u>11,100</u>	<u>11,100</u>	<u>171</u>	<u>(10,929)</u>
Expenditures				
Current				
Public safety	<u>17,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>17,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (6,800)</u>	<u>\$ 11,100</u>	171	<u>\$ (10,929)</u>
Beginning fund balance			<u>42,975</u>	
Ending fund balance			<u>\$ 43,146</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
DONATION
For the year ended September 30, 2025

	Donation			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Intergovernmental	\$ 37,500	\$ 67,500	\$ 63,370	\$ (4,130)
Investment revenue	5,000	12,300	4,044	(8,256)
Total revenues	<u>42,500</u>	<u>79,800</u>	<u>67,414</u>	<u>(12,386)</u>
Expenditures				
Current				
Public safety	26,500	62,000	59,476	2,524
Culture, parks, and recreation	16,000	17,800	16,639	1,161
Total expenditures	<u>42,500</u>	<u>79,800</u>	<u>76,115</u>	<u>3,685</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,701)	<u>\$ (8,701)</u>
Beginning fund balance			<u>57,517</u>	
Ending fund balance			<u>\$ 48,816</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
JUVENILE CASE MANAGER
For the year ended September 30, 2025

	Juvenile Case Manager			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 175	\$ 175	\$ 303	\$ 128
Other revenue	13,500	13,500	14,747	1,247
Total revenues	<u>13,675</u>	<u>13,675</u>	<u>15,050</u>	<u>1,375</u>
Expenditures				
Current				
Public safety	<u>37,146</u>	<u>37,146</u>	<u>31,446</u>	<u>5,700</u>
Total expenditures	<u>37,146</u>	<u>37,146</u>	<u>31,446</u>	<u>5,700</u>
Net change in fund balance	<u>\$ (23,471)</u>	<u>\$ (23,471)</u>	(16,396)	<u>\$ 7,075</u>
Beginning fund balance			<u>57,566</u>	
Ending fund balance			<u>\$ 41,170</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
SENIOR
For the year ended September 30, 2025

	Senior			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 200	\$ 200	\$ 273	\$ 73
Other revenue	10,000	10,000	12,737	2,737
Total revenues	<u>10,200</u>	<u>10,200</u>	<u>13,010</u>	<u>2,810</u>
Expenditures				
Current				
Community services	12,200	12,200	8,187	4,013
Total expenditures	<u>12,200</u>	<u>12,200</u>	<u>8,187</u>	<u>4,013</u>
Net change in fund balance	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	4,823	<u>\$ 6,823</u>
Beginning fund balance			<u>15,162</u>	
Ending fund balance			<u>\$ 19,985</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
PARK DEDICATION
For the year ended September 30, 2025

	Park Dedication			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Other revenue	\$ 100,000	\$ 315,000	\$ 146,200	\$ (168,800)
Investment revenue	17,500	17,500	17,981	481
Total revenues	<u>117,500</u>	<u>332,500</u>	<u>164,181</u>	<u>(168,319)</u>
Expenditures				
Capital outlay	-	215,000	214,742	258
Total expenditures	<u>-</u>	<u>215,000</u>	<u>214,742</u>	<u>258</u>
Net change in fund balance	<u>\$ 117,500</u>	<u>\$ 117,500</u>	(50,561)	<u>\$ (168,061)</u>
Beginning fund balance			<u>594,850</u>	
Ending fund balance			<u>\$ 544,289</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
COMCAST PEG FEES
For the year ended September 30, 2025

	Comcast PEG Fees			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Franchise fees	\$ 55,000	\$ 60,500	\$ 31,266	\$ (29,234)
Investment revenue	1,500	1,500	3,309	1,809
Total revenues	<u>56,500</u>	<u>62,000</u>	<u>34,575</u>	<u>(27,425)</u>
Expenditures				
Current				
General government	-	5,500	5,498	2
Total expenditures	<u>-</u>	<u>5,500</u>	<u>5,498</u>	<u>2</u>
Net change in fund balance	<u>\$ 56,500</u>	<u>\$ 56,500</u>	29,077	<u>\$ (27,423)</u>
Beginning fund balance			<u>533,140</u>	
Ending fund balance			<u>\$ 562,217</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
TIRZ NO. 1
For the year ended September 30, 2025

	TIRZ No. 1			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ -	\$ -	\$ 10,028	\$ 10,028
Investment revenue	250	250	109	(141)
Total revenues	<u>250</u>	<u>250</u>	<u>10,137</u>	<u>9,887</u>
Net change in fund balance	<u>\$ 250</u>	<u>\$ 250</u>	10,137	<u>\$ 9,887</u>
Beginning fund balance			<u>10,651</u>	
Ending fund balance			<u>\$ 20,788</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
TIRZ NO. 2
For the year ended September 30, 2025

	TIRZ No. 2			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,045,000	\$ 1,048,000	\$ 1,047,574	\$ (426)
Investment revenue	4,000	4,000	6,335	2,335
Total revenues	<u>1,049,000</u>	<u>1,052,000</u>	<u>1,053,909</u>	<u>1,909</u>
Other financing sources (uses)				
Transfers out	<u>(992,750)</u>	<u>(995,750)</u>	<u>(995,187)</u>	<u>563</u>
Total other financing sources (uses)	<u>(992,750)</u>	<u>(995,750)</u>	<u>(995,187)</u>	<u>563</u>
Net change in fund balance	<u>\$ 56,250</u>	<u>\$ 56,250</u>	58,722	<u>\$ 2,472</u>
Beginning fund balance			<u>273,851</u>	
Ending fund balance			<u>\$ 332,573</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
TIRZ NO. 3
For the year ended September 30, 2025

	TIRZ No. 3			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 5,500	\$ 5,500	\$ -	\$ (5,500)
Investment revenue	500	500	-	(500)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Other financing sources (uses)				
Transfers out	-	(26,000)	(25,756)	244
Total other financing sources (uses)	<u>-</u>	<u>(26,000)</u>	<u>(25,756)</u>	<u>244</u>
Net change in fund balance	<u>\$ 6,000</u>	<u>\$ (20,000)</u>	(25,756)	<u>\$ (5,756)</u>
Beginning fund balance			<u>25,756</u>	
Ending fund balance			<u>\$ -</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
CONSOLIDATED MUNICIPAL COURT SECURITY AND TECHNOLOGY
For the year ended September 30, 2025

	Consolidated Municipal Court Security and Technology			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 25,869	\$ 25,869
Investment revenue	-	-	2,740	2,740
Total revenues	-	-	28,609	28,609
Expenditures				
Current				
Public safety	-	54,254	29,787	24,467
Total expenditures	-	54,254	29,787	24,467
(Deficiency) of revenues (under) expenditures	-	(54,254)	(1,178)	53,076
Other financing sources (uses)				
Transfers in	-	75,000	75,000	-
Total other financing sources (uses)	-	75,000	75,000	-
Net change in fund balance	\$ -	\$ 20,746	73,822	\$ 53,076
Beginning fund balance			-	
Ending fund balance			\$ 73,822	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
KENDALL LAKES TIRZ REDEVELOPMENT AUTHORITY
For the year ended September 30, 2025

	Kendall Lakes TIRZ Redevelopment Authority			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 70,500	\$ 70,500	\$ 78,500	\$ 8,000
Total revenues	<u>70,500</u>	<u>70,500</u>	<u>78,500</u>	<u>8,000</u>
Expenditures				
Current				
General government	1,726,000	1,726,000	5,968	1,720,032
Total expenditures	<u>1,726,000</u>	<u>1,726,000</u>	<u>5,968</u>	<u>1,720,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,655,500)</u>	<u>(1,655,500)</u>	<u>72,532</u>	<u>1,728,032</u>
Other financing sources (uses)				
Transfers in	992,750	992,750	995,353	2,603
Transfers (out)	<u>(357,379)</u>	<u>(357,379)</u>	<u>(357,379)</u>	-
Total other financing sources (uses)	<u>635,371</u>	<u>635,371</u>	<u>637,974</u>	<u>2,603</u>
Net change in fund balance	<u>\$ (1,020,129)</u>	<u>\$ (1,020,129)</u>	710,506	<u>\$ 1,730,635</u>
Beginning fund balance			<u>3,168,860</u>	
Ending fund balance			<u>\$ 3,879,366</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
SIDEWALK
For the year ended September 30, 2025

	Sidewalk			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 11,784	\$ 11,784
Investment revenue	-	-	2,585	2,585
Total revenues	-	-	14,369	14,369
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	14,369	<u>\$ 14,369</u>
Beginning fund balance			<u>105,258</u>	
Ending fund balance			<u>\$ 119,627</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR PERMANENT FUND
CEMETERY
For the year ended September 30, 2025

	Cemetery			Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Charges for services	\$ 72,450	\$ 72,450	\$ 105,250	\$ 32,800
Investment revenue	32,500	32,500	34,628	2,128
Total revenues	<u>104,950</u>	<u>104,950</u>	<u>139,878</u>	<u>34,928</u>
Expenditures				
Current				
Community services	<u>42,011</u>	<u>43,011</u>	<u>42,916</u>	<u>95</u>
Total expenditures	<u>42,011</u>	<u>43,011</u>	<u>42,916</u>	<u>95</u>
Excess of revenues over expenditures	<u>62,939</u>	<u>61,939</u>	<u>96,962</u>	<u>35,023</u>
Other financing sources (uses)				
Transfers out	<u>(57,013)</u>	<u>(56,013)</u>	<u>(56,013)</u>	<u>-</u>
Total other financing sources (uses)	<u>(57,013)</u>	<u>(56,013)</u>	<u>(56,013)</u>	<u>-</u>
Net change in fund balance	<u>\$ 5,926</u>	<u>\$ 5,926</u>	40,949	<u>\$ 35,023</u>
Beginning fund balance			<u>867,422</u>	
Ending fund balance			<u>\$ 908,371</u>	

Notes to Supplementary Information:

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

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
FUND DESCRIPTIONS
September 30, 2025

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 Information Technology (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.

Building Maintenance Fund - This internal service fund is used to account for building maintenance 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, 2025

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>	<u>Building Maintenance</u>	<u>Total Internal Service Funds</u>
ASSETS						
Current assets						
Cash and equity in pooled cash and investments	\$ 539,235	\$ 2,993,772	\$ 1,106,838	\$ 450,773	\$ 269,398	\$ 5,360,016
Accounts receivable	-	3,618	-	-	-	3,618
Inventory	6,032	-	-	-	-	6,032
Total current assets	<u>545,267</u>	<u>2,997,390</u>	<u>1,106,838</u>	<u>450,773</u>	<u>269,398</u>	<u>5,369,666</u>
Noncurrent assets						
Capital assets						
Buildings	7,754	-	-	-	112,537	120,291
Equipment	65,372	3,810,554	29,644	202,794	62,148	4,170,512
Right-to-use assets	-	3,454,214	-	-	-	3,454,214
Less: accumulated depreciation/amortization	<u>(73,126)</u>	<u>(3,213,079)</u>	<u>(767)</u>	<u>(159,550)</u>	<u>(26,776)</u>	<u>(3,473,298)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>4,051,689</u>	<u>28,877</u>	<u>43,244</u>	<u>147,909</u>	<u>4,271,719</u>
Total noncurrent assets	<u>-</u>	<u>4,051,689</u>	<u>28,877</u>	<u>43,244</u>	<u>147,909</u>	<u>4,271,719</u>
Total assets	<u>545,267</u>	<u>7,049,079</u>	<u>1,135,715</u>	<u>494,017</u>	<u>417,307</u>	<u>9,641,385</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	<u>24,845</u>	<u>-</u>	<u>23,935</u>	<u>-</u>	<u>71,854</u>	<u>120,634</u>
Total deferred outflows of resources	<u>24,845</u>	<u>-</u>	<u>23,935</u>	<u>-</u>	<u>71,854</u>	<u>120,634</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2025

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>	<u>Building Maintenance</u>	<u>Total Internal Service Funds</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 103,428	\$ 1,701	\$ 28,736	\$ 749	\$ 213,333	\$ 347,947
Lease liability	-	800,013	-	-	-	800,013
Compensated absences	5,706	-	6,967	-	12,688	25,361
Total current liabilities	<u>109,134</u>	<u>801,714</u>	<u>35,703</u>	<u>749</u>	<u>226,021</u>	<u>1,173,321</u>
Noncurrent liabilities						
Lease liability	-	1,993,539	-	-	-	1,993,539
Compensated absences	35,443	-	32,985	-	47,152	115,580
Net pension liability	111,801	-	20,389	-	197,413	329,603
Total noncurrent liabilities	<u>147,244</u>	<u>1,993,539</u>	<u>53,374</u>	<u>-</u>	<u>244,565</u>	<u>2,438,722</u>
Total liabilities	<u>256,378</u>	<u>2,795,253</u>	<u>89,077</u>	<u>749</u>	<u>470,586</u>	<u>3,612,043</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	<u>8,909</u>	<u>-</u>	<u>11,262</u>	<u>-</u>	<u>18,575</u>	<u>38,746</u>
Total deferred inflows of resources	<u>8,909</u>	<u>-</u>	<u>11,262</u>	<u>-</u>	<u>18,575</u>	<u>38,746</u>
NET POSITION						
Net investment in capital assets	-	2,058,150	28,877	43,244	147,909	2,278,180
Unrestricted	<u>304,825</u>	<u>2,195,676</u>	<u>1,030,434</u>	<u>450,024</u>	<u>(147,909)</u>	<u>3,833,050</u>
Total net position	<u>\$ 304,825</u>	<u>\$ 4,253,826</u>	<u>\$ 1,059,311</u>	<u>\$ 493,268</u>	<u>\$ -</u>	<u>\$ 6,111,230</u>

CITY OF ALVIN, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS
 For the year ended September 30, 2025

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>	<u>Building Maintenance</u>	<u>Total Internal Service Funds</u>
Operating revenues						
Charges for services	\$ 876,175	\$ 610,522	\$ 1,151,075	\$ -	\$ 3,424,502	\$ 6,062,274
Other revenue	84,686	22,700	3,500	-	829	111,715
Total operating revenues	<u>960,861</u>	<u>633,222</u>	<u>1,154,575</u>	<u>-</u>	<u>3,425,331</u>	<u>6,173,989</u>
Operating expenses						
Personnel services	322,066	-	550,598	-	620,928	1,493,592
Supplies	863,237	389,286	753,522	40,078	2,842,074	4,888,197
Depreciation/amortization	2,865	224,131	767	14,948	12,707	255,418
Total operating expenses	<u>1,188,168</u>	<u>613,417</u>	<u>1,304,887</u>	<u>55,026</u>	<u>3,475,709</u>	<u>6,637,207</u>
Operating income (loss)	<u>(227,307)</u>	<u>19,805</u>	<u>(150,312)</u>	<u>(55,026)</u>	<u>(50,378)</u>	<u>(463,218)</u>
Nonoperating revenues (expenses)						
Investment revenues	22,225	139,411	44,171	10,438	2,334	218,579
Interest expense and fiscal charges	-	(63,639)	-	-	-	(63,639)
Total nonoperating revenues (expenses)	<u>22,225</u>	<u>75,772</u>	<u>44,171</u>	<u>10,438</u>	<u>2,334</u>	<u>154,940</u>
Change in net position	(205,082)	95,577	(106,141)	(44,588)	(48,044)	(308,278)
Beginning net position	<u>509,907</u>	<u>4,158,249</u>	<u>1,165,452</u>	<u>537,856</u>	<u>48,044</u>	<u>6,419,508</u>
Ending net position	<u>\$ 304,825</u>	<u>\$ 4,253,826</u>	<u>\$ 1,059,311</u>	<u>\$ 493,268</u>	<u>\$ -</u>	<u>\$ 6,111,230</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended September 30, 2025

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>	<u>Building Maintenance</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities						
Receipts from customers and users	\$ 960,861	\$ 633,222	\$ 1,154,575	\$ -	\$ 3,425,331	\$ 6,173,989
Payments to suppliers	(881,468)	(398,377)	(753,604)	(41,740)	(2,932,211)	(5,007,400)
Payments to employees	(299,561)	-	(524,396)	-	(587,165)	(1,411,122)
Net cash provided (used) by operating activities	<u>(220,168)</u>	<u>234,845</u>	<u>(123,425)</u>	<u>(41,740)</u>	<u>(94,045)</u>	<u>(244,533)</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	-	(204,300)	(29,644)	-	-	(233,944)
Principal paid on leases	-	(447,051)	-	-	-	(447,051)
Interest paid on debt	-	(63,639)	-	-	-	(63,639)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(714,990)</u>	<u>(29,644)</u>	<u>-</u>	<u>-</u>	<u>(744,634)</u>
Cash flows from investing activities						
Interest on investments	<u>22,225</u>	<u>139,411</u>	<u>44,171</u>	<u>10,438</u>	<u>2,334</u>	<u>218,579</u>
Net cash provided by investing activities	<u>22,225</u>	<u>139,411</u>	<u>44,171</u>	<u>10,438</u>	<u>2,334</u>	<u>218,579</u>
Net increase (decrease) in cash and equity in pooled cash and investments	(197,943)	(340,734)	(108,898)	(31,302)	(91,711)	(770,588)
Beginning cash and equity in pooled cash and investments	<u>737,178</u>	<u>3,334,506</u>	<u>1,215,736</u>	<u>482,075</u>	<u>361,109</u>	<u>6,130,604</u>
Ending cash and equity in pooled cash and investments	<u>\$ 539,235</u>	<u>\$ 2,993,772</u>	<u>\$ 1,106,838</u>	<u>\$ 450,773</u>	<u>\$ 269,398</u>	<u>\$ 5,360,016</u>

(Continued)

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended September 30, 2025

	<u>Vehicle Maintenance</u>	<u>Vehicle Replacement</u>	<u>IT Maintenance</u>	<u>Computer Replacement</u>	<u>Building Maintenance</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ (227,307)	\$ 19,805	\$ (150,312)	\$ (55,026)	\$ (50,378)	\$ (463,218)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation/amortization	2,865	224,131	767	14,948	12,707	255,418
Changes in operating assets and liabilities						
(Increase) decrease in assets						
Deferred outflows of resources	(5,830)	-	(10,685)	-	(12,716)	(29,231)
Increase (decrease) in liabilities						
Accounts payable	(18,231)	(9,091)	(82)	(1,662)	(90,137)	(119,203)
Net pension liability	4,193	-	7,687	-	9,150	21,030
Deferred inflows of resources	3,656	-	6,700	-	7,973	18,329
Compensated absences	20,486	-	22,500	-	29,356	72,342
Net cash provided (used) by operating activities	<u>\$ (220,168)</u>	<u>\$ 234,845</u>	<u>\$ (123,425)</u>	<u>\$ (41,740)</u>	<u>\$ (94,045)</u>	<u>\$ (244,533)</u>
Noncash investing, capital, and financing activities						
Equipment from issuance of leases	<u>\$ -</u>	<u>\$ 2,256,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,256,493</u>

OTHER STATEMENTS

CITY OF ALVIN, TEXAS
CONSOLIDATED BALANCE SHEET
GENERAL FUND - SUB-FUNDS
September 30, 2025

	<u>General Operating</u>	<u>Disaster</u>	<u>Fire Capital</u>	<u>Tree Preservation</u>	<u>COVID Disaster</u>	<u>American Rescue Program</u>	<u>General Revenue</u>	<u>General Projects</u>	<u>Total General Funds</u>
ASSETS									
Cash and equity in pooled cash and investments	\$ 9,282,885	\$ -	\$ 392,725	\$ 387,240	\$ 28,896	\$ 371,088	\$ 516,805	\$ 1,534,386	\$ 12,514,025
Investments	14,320	-	-	-	-	-	-	-	14,320
Receivables, net	1,631,805	-	-	-	-	-	-	-	1,631,805
Prepaid items	130,669	-	-	-	-	-	-	-	130,669
Total assets	<u>\$ 11,059,679</u>	<u>\$ -</u>	<u>\$ 392,725</u>	<u>\$ 387,240</u>	<u>\$ 28,896</u>	<u>\$ 371,088</u>	<u>\$ 516,805</u>	<u>\$ 1,534,386</u>	<u>\$ 14,290,819</u>
LIABILITIES									
Accounts payable and accrued liabilities	\$ 979,423	\$ -	\$ -	\$ 2,942	\$ -	\$ -	\$ -	\$ 848	\$ 983,213
Other payables	46,334	-	-	-	-	-	-	-	46,334
Unearned revenue	330	-	-	-	-	127,436	-	-	127,766
Total liabilities	<u>1,026,087</u>	<u>-</u>	<u>-</u>	<u>2,942</u>	<u>-</u>	<u>127,436</u>	<u>-</u>	<u>848</u>	<u>1,157,313</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue - property taxes	613,679	-	-	-	-	-	-	-	613,679
Total deferred inflow s of resources	<u>613,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,679</u>
FUND BALANCES									
Nonspendable									
Prepaid items	130,669	-	-	-	-	-	-	-	130,669
Assigned to									
Special projects	-	-	392,725	384,298	28,896	243,652	516,805	1,533,538	3,099,914
Unassigned	9,289,244	-	-	-	-	-	-	-	9,289,244
Total fund balances	<u>9,419,913</u>	<u>-</u>	<u>392,725</u>	<u>384,298</u>	<u>28,896</u>	<u>243,652</u>	<u>516,805</u>	<u>1,533,538</u>	<u>12,519,827</u>
Total liabilities, deferred inflow s of resources and fund balances	<u>\$ 11,059,679</u>	<u>\$ -</u>	<u>\$ 392,725</u>	<u>\$ 387,240</u>	<u>\$ 28,896</u>	<u>\$ 371,088</u>	<u>\$ 516,805</u>	<u>\$ 1,534,386</u>	<u>\$ 14,290,819</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, 2025

	<u>General Operating</u>	<u>Disaster</u>	<u>Fire Capital</u>	<u>Tree Preservation</u>	<u>COVID Disaster</u>	<u>American Rescue Program</u>	<u>General Revenue</u>	<u>General Projects</u>	<u>Total General Funds</u>
Revenues									
Property taxes	\$ 13,298,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,298,327
Sales taxes	3,661,376	-	-	-	-	-	-	-	3,661,376
Franchise fees	1,173,309	-	-	-	-	-	-	-	1,173,309
Other taxes	628,307	-	-	-	-	-	-	-	628,307
Licenses and permits	1,389,176	-	-	-	-	-	-	-	1,389,176
Fines and forfeitures	594,141	-	-	-	-	-	-	-	594,141
Charges for services	682,220	-	195,200	129,778	-	-	-	-	1,007,198
Intergovernmental	42,710	89,301	-	-	-	464,589	-	-	596,600
Investment revenue	206,520	-	7,006	4,964	714	77,910	-	46,649	343,763
Other revenue	52,084	-	-	-	-	-	-	-	52,084
Total revenues	<u>21,728,170</u>	<u>89,301</u>	<u>202,206</u>	<u>134,742</u>	<u>714</u>	<u>542,499</u>	<u>-</u>	<u>46,649</u>	<u>22,744,281</u>
Expenditures									
Current									
General government	9,002,258	314,796	-	-	-	187,649	4,750	269,797	9,779,250
Public safety	12,156,402	-	-	-	-	175,894	-	162,366	12,494,662
Public services	1,511,636	-	-	-	-	-	-	109,507	1,621,143
Community services	185,581	-	-	-	-	-	-	-	185,581
Culture, parks, and recreation	1,602,764	-	-	7,437	-	12,971	-	274,901	1,898,073
Capital outlay	6,499	-	-	-	-	64,481	-	-	70,980
Debt service									
Principal	28,511	-	33,229	-	-	-	-	-	61,740
Interest and fiscal charges	12,069	-	4,529	-	-	-	-	-	16,598
Total expenditures	<u>24,505,720</u>	<u>314,796</u>	<u>37,758</u>	<u>7,437</u>	<u>-</u>	<u>440,995</u>	<u>4,750</u>	<u>816,571</u>	<u>26,128,027</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,777,550)</u>	<u>(225,495)</u>	<u>164,448</u>	<u>127,305</u>	<u>714</u>	<u>101,504</u>	<u>(4,750)</u>	<u>(769,922)</u>	<u>(3,383,746)</u>

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GENERAL FUND - SUB-FUNDS
For the year ended September 30, 2025

	General Operating	Disaster	Fire Capital	Tree Preservation	COVID Disaster	American Rescue Program	General Revenue	General Projects	Total General Funds
Other financing sources (uses)									
Transfers in	\$ 2,201,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,201,334
Interfund transfers in (out)	<u>(1,465,658)</u>	<u>1,703,141</u>	<u>(33,183)</u>	<u>-</u>	<u>-</u>	<u>(204,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>735,676</u>	<u>1,703,141</u>	<u>(33,183)</u>	<u>-</u>	<u>-</u>	<u>(204,300)</u>	<u>-</u>	<u>-</u>	<u>2,201,334</u>
Net change in fund balance	(2,041,874)	1,477,646	131,265	127,305	714	(102,796)	(4,750)	(769,922)	(1,182,412)
Beginning fund balance	<u>11,461,787</u>	<u>(1,477,646)</u>	<u>261,460</u>	<u>256,993</u>	<u>28,182</u>	<u>346,448</u>	<u>521,555</u>	<u>2,303,460</u>	<u>13,702,239</u>
Ending fund balance	<u>\$ 9,419,913</u>	<u>\$ -</u>	<u>\$ 392,725</u>	<u>\$ 384,298</u>	<u>\$ 28,896</u>	<u>\$ 243,652</u>	<u>\$ 516,805</u>	<u>\$ 1,533,538</u>	<u>\$ 12,519,827</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS
September 30, 2025

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility Operating</u>	<u>Utility Projects</u>	<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>
ASSETS						
Current assets						
Cash and equity in pooled cash and investments	\$ -	\$ -	\$ 9,005,279	\$ 655,876	\$ -	\$ -
Investments	-	-	29,803	-	-	-
Accounts receivable (net of allowance for uncollectibles)	-	-	2,518,038	-	-	-
Due from utility operating water and sewer fund	488	-	-	9,323	18,377	13,912
Inventory	-	-	155,153	-	-	-
Restricted cash, cash equivalents, and investments						
Construction and debt obligation	3,729,243	10,081,180	-	-	607,346	9,061
Customer deposits	-	-	1,572,681	-	-	-
Total current assets	<u>3,729,731</u>	<u>10,081,180</u>	<u>13,280,954</u>	<u>665,199</u>	<u>625,723</u>	<u>22,973</u>
Capital assets						
Land	-	-	937,829	-	-	-
Buildings	-	-	7,033,348	-	-	-
Improvements	-	1,783,726	3,586,974	272,522	-	-
Infrastructure	-	4,702,003	58,651,588	148,532	5,642,264	8,127,868
Equipment	-	-	1,937,974	1,712,204	155,132	3,073,343
Construction in progress	-	74,213	-	-	1,209,712	305,929
Less allowance for depreciation	-	-	(50,846,398)	-	-	-
Total capital assets (net)	<u>-</u>	<u>6,559,942</u>	<u>21,301,315</u>	<u>2,133,258</u>	<u>7,007,108</u>	<u>11,507,140</u>
Total noncurrent assets	<u>-</u>	<u>6,559,942</u>	<u>21,301,315</u>	<u>2,133,258</u>	<u>7,007,108</u>	<u>11,507,140</u>
Total assets	<u>3,729,731</u>	<u>16,641,122</u>	<u>34,582,269</u>	<u>2,798,457</u>	<u>7,632,831</u>	<u>11,530,113</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	-	-	243,112	-	-	-
Deferred outflows - OPEB	-	-	6,449	-	-	-
Deferred loss on refunding	-	-	645,317	-	-	-
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>894,878</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS
September 30, 2025

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility Operating</u>	<u>Utility Projects</u>	<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 289,863	\$ -	\$ 16,809	\$ -
Due to other water and sewer funds	-	-	349,623	-	-	-
Accrued interest payable	621,231	-	-	-	-	-
Bonds payable - current	-	-	6,094,010	-	-	-
Compensated absences	-	-	131,835	-	-	-
Total OPEB liability	-	-	1,499	-	-	-
Current liabilities payable from restricted assets						
Customer deposits	-	-	1,572,681	-	-	-
Total current liabilities	<u>621,231</u>	<u>-</u>	<u>8,439,511</u>	<u>-</u>	<u>16,809</u>	<u>-</u>
Noncurrent liabilities						
Bonds payable, net of deferred charges	-	-	85,870,375	-	-	-
Compensated absences	-	-	48,761	-	-	-
Net pension liability	-	-	731,592	-	-	-
Total OPEB liability	<u>-</u>	<u>-</u>	<u>78,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>86,728,748</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>621,231</u>	<u>-</u>	<u>95,168,259</u>	<u>-</u>	<u>16,809</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	-	-	86,461	-	-	-
Deferred inflows - OPEB	<u>-</u>	<u>-</u>	<u>6,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>92,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	-	6,559,942	(70,017,753)	2,133,258	7,616,022	11,530,113
Restricted for debt service	3,108,500	-	-	-	-	-
Unrestricted net position	<u>-</u>	<u>10,081,180</u>	<u>10,234,036</u>	<u>665,199</u>	<u>-</u>	<u>-</u>
Total net position	<u>\$ 3,108,500</u>	<u>\$ 16,641,122</u>	<u>\$ (59,783,717)</u>	<u>\$ 2,798,457</u>	<u>\$ 7,616,022</u>	<u>\$ 11,530,113</u>

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS
September 30, 2025

	2019 <u>Utility Bond</u>	2020 <u>Utility Bond</u>	2021 <u>Utility Bond</u>	2022 <u>Utility Bond</u>	2023 <u>Utility Bond</u>	Total Water and <u>Sewer Funds</u>
ASSETS						
Current assets						
Cash and equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,661,155
Investments	-	-	-	-	-	29,803
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	2,518,038
Due from other utility operating sub fund	67,187	88,257	17,430	85,428	49,221	349,623
Inventory	-	-	-	-	-	155,153
Restricted cash, cash equivalents, and investments						
Construction and debt obligation	463	4,750,567	5,019,836	19,504,800	21,953,402	65,655,898
Customer deposits	-	-	-	-	-	1,572,681
Total current assets	<u>67,650</u>	<u>4,838,824</u>	<u>5,037,266</u>	<u>19,590,228</u>	<u>22,002,623</u>	<u>79,942,351</u>
Capital assets						
Land	-	-	-	-	-	937,829
Buildings	-	-	-	-	-	7,033,348
Improvements	-	-	-	-	-	5,643,222
Infrastructure	14,522,393	12,194,102	-	2,838,895	-	106,827,645
Equipment	-	-	-	-	-	6,878,653
Construction in progress	153,749	-	211,289	7,873,904	5,126,941	14,955,737
Less allowance for depreciation	-	-	-	-	-	(50,846,398)
Total capital assets (net)	<u>14,676,142</u>	<u>12,194,102</u>	<u>211,289</u>	<u>10,712,799</u>	<u>5,126,941</u>	<u>91,430,036</u>
Total noncurrent assets	<u>14,676,142</u>	<u>12,194,102</u>	<u>211,289</u>	<u>10,712,799</u>	<u>5,126,941</u>	<u>91,430,036</u>
Total assets	<u>14,743,792</u>	<u>17,032,926</u>	<u>5,248,555</u>	<u>30,303,027</u>	<u>27,129,564</u>	<u>171,372,387</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows - pensions	-	-	-	-	-	243,112
Deferred outflows - OPEB	-	-	-	-	-	6,449
Deferred loss on refunding	-	-	-	-	-	645,317
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>894,878</u>

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF NET POSITION
WATER AND SEWER FUND - SUB-FUNDS
September 30, 2025

	2019 <u>Utility Bond</u>	2020 <u>Utility Bond</u>	2021 <u>Utility Bond</u>	2022 <u>Utility Bond</u>	2023 <u>Utility Bond</u>	Total Water and <u>Sewer Funds</u>
LIABILITIES						
Current liabilities						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 363,834	\$ 2,820,802	\$ 3,491,308
Due to other sub funds	-	-	-	-	-	349,623
Accrued interest payable	-	-	-	-	-	621,231
Bonds payable - current	-	-	-	-	-	6,094,010
Compensated absences	-	-	-	-	-	131,835
Total OPEB liability	-	-	-	-	-	1,499
Current liabilities payable from restricted assets						
Customer deposits	-	-	-	-	-	1,572,681
Total current liabilities	-	-	-	363,834	2,820,802	12,262,187
Noncurrent liabilities						
Bonds payable, net of deferred charges	-	-	-	-	-	85,870,375
Compensated absences	-	-	-	-	-	48,761
Net pension liability	-	-	-	-	-	731,592
Total OPEB liability	-	-	-	-	-	78,020
Total noncurrent liabilities	-	-	-	-	-	86,728,748
Total liabilities	-	-	-	363,834	2,820,802	98,990,935
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pension	-	-	-	-	-	86,461
Deferred inflows - OPEB	-	-	-	-	-	6,144
Total deferred inflows of resources	-	-	-	-	-	92,605
NET POSITION						
Net investment in capital assets	14,743,792	17,032,926	5,248,555	29,939,193	24,308,762	49,094,810
Restricted for debt service	-	-	-	-	-	3,108,500
Unrestricted net position	-	-	-	-	-	20,980,415
Total net position	<u>\$ 14,743,792</u>	<u>\$ 17,032,926</u>	<u>\$ 5,248,555</u>	<u>\$ 29,939,193</u>	<u>\$ 24,308,762</u>	<u>\$ 73,183,725</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, 2025

	Utility Debt Obligation	Impact Fees	Utility Operating	Utility Projects	2015 Certificates of Obligation	2018 Utility Bond
Operating revenues						
Water services	\$ -	\$ -	\$ 8,558,219	\$ -	\$ -	\$ -
Sewer services	-	-	8,776,203	-	-	-
Other revenues	-	1,843,309	33,788	-	-	-
Total operating revenues	-	1,843,309	17,368,210	-	-	-
Operating expenses						
Water services	-	-	4,523,087	-	-	-
Sewer services	-	-	2,615,252	351,482	137,862	-
Depreciation	-	-	3,278,237	-	-	-
Total operating expenses	-	-	10,416,576	351,482	137,862	-
Operating income (loss)	-	1,843,309	6,951,634	(351,482)	(137,862)	-
Nonoperating revenues (expenses)						
Investment revenues	-	167,160	206,867	56,043	26,630	1,708
Interest and fiscal agent fees	(3,336,596)	-	-	-	-	-
Total nonoperating revenues (expenses)	(3,336,596)	167,160	206,867	56,043	26,630	1,708
Transfers						
Interfund transfers in (out)	2,650,675	-	(2,996,810)	6,323	18,377	92,963
Transfers (out)	-	-	(802,055)	-	-	-
Total transfers	2,650,675	-	(3,798,865)	6,323	18,377	92,963
Change in net position	(685,921)	2,010,469	3,359,636	(289,116)	(92,855)	94,671
Beginning net position	3,794,421	14,630,653	(63,143,353)	3,087,573	7,708,877	11,435,442
Ending net position	\$ 3,108,500	\$ 16,641,122	\$ (59,783,717)	\$ 2,798,457	\$ 7,616,022	\$ 11,530,113

(Continued)

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, 2025

	2019 <u>Utility Bond</u>	2020 <u>Utility Bond</u>	2021 <u>Utility Bond</u>	2022 <u>Utility Bond</u>	2023 <u>Utility Bond</u>	Total Water and <u>Sewer Funds</u>
Operating revenues						
Water services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,558,219
Sewer services	-	-	-	-	-	8,776,203
Other revenues	-	-	-	-	-	1,877,097
Total operating revenues	-	-	-	-	-	19,211,519
Operating expenses						
Water services	-	728,120	-	-	-	5,251,207
Sewer services	-	9,928	-	-	2,681,240	5,795,764
Depreciation	-	-	-	-	-	3,278,237
Total operating expenses	-	738,048	-	-	2,681,240	14,325,208
Operating income (loss)	-	(738,048)	-	-	(2,681,240)	4,886,311
Nonoperating revenues (expenses)						
Investment revenues	626	215,724	218,659	1,008,615	1,168,955	3,070,987
Interest and fiscal agent fees	-	-	-	-	-	(3,336,596)
Total nonoperating revenues (expenses)	626	215,724	218,659	1,008,615	1,168,955	(265,609)
Transfers						
Interfund transfers in (out)	504,342	9,206	(419,725)	85,428	49,221	-
Transfers (out)	-	-	-	-	-	(802,055)
Total transfers	504,342	9,206	(419,725)	85,428	49,221	(802,055)
Change in net position	504,968	(513,118)	(201,066)	1,094,043	(1,463,064)	3,818,647
Beginning net position	14,238,824	17,546,044	5,449,621	28,845,150	25,771,826	69,365,078
Ending net position	<u>\$ 14,743,792</u>	<u>\$ 17,032,926</u>	<u>\$ 5,248,555</u>	<u>\$ 29,939,193</u>	<u>\$ 24,308,762</u>	<u>\$ 73,183,725</u>

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS
For the year ended September 30, 2025

	Utility Debt Obligation	Impact Fees	Utility Operating	Utility Projects	2015 Certificates of Obligation	2018 Utility Bond
Cash flows from operating activities						
Receipts from customers and users	\$ -	\$ 1,843,309	\$ 17,249,516	\$ -	\$ -	\$ -
Payments to suppliers	-	(34,801)	(4,206,864)	(393,903)	(121,053)	(5,714)
Payments to employees	-	-	(2,852,755)	-	-	-
Net cash provided by operating activities	-	1,808,508	10,189,897	(393,903)	(121,053)	(5,714)
Cash flows from noncapital financing activities						
Interfund transfers in (out)	2,650,187	-	(2,647,189)	(3,000)	-	13,067
Transfers (out)	-	-	(802,055)	-	-	-
Net cash (used) by noncapital and related financing activities	2,650,187	-	(3,449,244)	(3,000)	-	13,067
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	-	-	(204,299)	(15,314)	-	-
Interest and fiscal agent fees paid	(3,289,686)	-	(267,616)	-	-	-
Principal paid on debt	-	-	(6,066,245)	-	-	-
Net cash provided (used) by capital and related financing activities	(3,289,686)	-	(6,538,160)	(15,314)	-	-
Cash flows from investing activities						
Interest on investments	-	167,160	206,867	56,043	26,630	1,708
Net cash provided (used) by investing activities	-	167,160	206,867	56,043	26,630	1,708
Net increase (decrease) in cash and equity in pooled cash and investments	(639,499)	1,975,668	409,360	(356,174)	(94,423)	9,061
Beginning cash and equity in pooled cash and investments	4,368,742	8,105,512	10,168,600	1,012,050	701,769	-
Ending cash and equity in pooled cash and investments	\$ 3,729,243	\$ 10,081,180	\$ 10,577,960	\$ 655,876	\$ 607,346	\$ 9,061

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS
For the year ended September 30, 2025

	<u>Utility Debt Obligation</u>	<u>Impact Fees</u>	<u>Utility Operating</u>	<u>Utility Projects</u>	<u>2015 Certificates of Obligation</u>	<u>2018 Utility Bond</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ -	\$ 1,843,309	\$ 6,951,634	\$ (351,482)	\$ (137,862)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	-	-	3,278,237	-	-	-
Changes in operating assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	-	-	(147,438)	-	-	-
Deferred outflows of resources	-	-	(34,515)	-	-	-
Inventories	-	-	(95,009)	-	-	-
Increase (decrease) in liabilities						
Accounts payable	-	(34,801)	45,616	(42,421)	16,809	(5,714)
Compensated absences	-	-	73,296	-	-	-
Customer deposits	-	-	63,319	-	-	-
Deferred inflows of resources	-	-	28,744	-	-	-
Net pension liability	-	-	26,851	-	-	-
Total OPEB liability	-	-	(838)	-	-	-
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 1,808,508</u>	<u>\$ 10,189,897</u>	<u>\$ (393,903)</u>	<u>\$ (121,053)</u>	<u>\$ (5,714)</u>

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS
For the year ended September 30, 2025

	2019 <u>Utility Bond</u>	2020 <u>Utility Bond</u>	2021 <u>Utility Bond</u>	2022 <u>Utility Bond</u>	2023 <u>Utility Bond</u>	Total Water and <u>Sewer Funds</u>
Cash flows from operating activities						
Receipts from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,092,825
Payments to suppliers	-	(738,048)	-	(261,956)	-	(5,762,339)
Payments to employees	-	-	-	-	-	(2,852,755)
Net cash provided by operating activities	-	(738,048)	-	(261,956)	-	10,477,731
Cash flows from noncapital financing activities						
Interfund transfers in (out)	(163)	(79,052)	66,150	-	-	-
Transfers (out)	-	-	-	-	-	(802,055)
Net cash (used) by noncapital and related financing activities	(163)	(79,052)	66,150	-	-	(802,055)
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	-	-	-	(4,372,869)	(4,987,379)	(9,579,861)
Interest and fiscal agent fees paid	-	-	-	-	-	(3,557,302)
Principal paid on debt	-	-	-	-	-	(6,066,245)
Net cash provided (used) by capital and related financing activities	-	-	-	(4,372,869)	(4,987,379)	(19,203,408)
Cash flows from investing activities						
Interest on investments	626	215,724	218,659	1,008,615	1,168,955	3,070,987
Net cash provided (used) by investing activities	626	215,724	218,659	1,008,615	1,168,955	3,070,987
Net increase (decrease) in cash and equity in pooled cash and investments	463	(601,376)	284,809	(3,626,210)	(3,818,424)	(6,456,745)
Beginning cash and equity in pooled cash and investments	-	5,351,943	4,735,027	23,131,010	25,771,826	83,346,479
Ending cash and equity in pooled cash and investments	\$ 463	\$ 4,750,567	\$ 5,019,836	\$ 19,504,800	\$ 21,953,402	\$ 76,889,734

(Continued)

CITY OF ALVIN, TEXAS
CONSOLIDATED STATEMENT OF CASH FLOWS
WATER AND SEWER FUND - SUB-FUNDS
For the year ended September 30, 2025

	2019 <u>Utility Bond</u>	2020 <u>Utility Bond</u>	2021 <u>Utility Bond</u>	2022 <u>Utility Bond</u>	2023 <u>Utility Bond</u>	Total Water and <u>Sewer Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities						
Operating income (loss)	\$ -	\$ (738,048)	\$ -	\$ -	\$ (2,681,240)	\$ 4,886,311
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	-	-	-	-	-	3,278,237
Changes in operating assets and liabilities						
(Increase) decrease in assets						
Accounts receivable	-	-	-	-	-	(147,438)
Deferred outflows of resources	-	-	-	-	-	(34,515)
Inventories	-	-	-	-	-	(95,009)
Increase (decrease) in liabilities						
Accounts payable	-	-	-	(261,956)	2,681,240	2,398,773
Compensated absences	-	-	-	-	-	73,296
Customer deposits	-	-	-	-	-	63,319
Deferred inflows of resources	-	-	-	-	-	28,744
Net pension liability	-	-	-	-	-	26,851
Total OPEB liability	-	-	-	-	-	(838)
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (738,048)</u>	<u>\$ -</u>	<u>\$ (261,956)</u>	<u>\$ -</u>	<u>\$ 10,477,731</u>

STATISTICAL SECTION

CITY OF ALVIN, TEXAS
STATISTICAL SECTION
September 30, 2025

This part of the City's annual comprehensive 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 City's overall financial health.

TABLE OF CONTENTS

FINANCIAL TRENDS..... 120

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

REVENUE CAPACITY.....128

These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.

DEBT CAPACITY.....132

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.

DEMOGRAPHIC AND ECONOMIC INFORMATION 137

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION.....139

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.

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

CITY OF ALVIN, TEXAS
NET POSITION BY COMPONENT
Last Ten Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$ 38,896,974	\$ 39,209,337	\$ 38,560,039	\$ 38,814,020	\$ 37,583,442	\$ 37,105,901	\$ 34,920,134	\$ 31,660,047	\$ 30,704,120	\$ 29,288,263
Restricted	24,294,756	21,045,993	17,786,795	15,299,861	13,911,292	12,481,511	9,624,675	9,237,862	8,596,595	8,481,991
Unrestricted	9,097,020	12,635,445	12,924,688	13,078,998	12,875,902	11,073,002	9,118,917	5,409,169	2,735,937	2,835,216
Total governmental activities net position	<u>\$ 72,288,750</u>	<u>\$ 72,890,775</u>	<u>\$ 69,271,522</u>	<u>\$ 67,192,879</u>	<u>\$ 64,370,636</u>	<u>\$ 60,660,414</u>	<u>\$ 53,663,726</u>	<u>\$ 46,307,078</u>	<u>\$ 42,036,652</u>	<u>\$ 40,605,470</u>
Business-type activities										
Net investment in capital assets	\$ 49,543,833	\$ 46,936,370	\$ 33,115,625	\$ 26,142,987	\$ 23,865,249	\$ 20,040,310	\$ 18,635,882	\$ 20,418,893	\$ 17,688,740	\$ 14,905,721
Restricted	3,108,500	3,459,461	1,764,472	1,764,472	888,576	893,313	-	-	-	-
Unrestricted	23,385,343	21,729,942	21,793,417	20,185,114	20,437,112	18,362,190	16,320,642	11,710,207	12,632,348	12,814,287
Total business-type activities net position	<u>\$ 76,037,676</u>	<u>\$ 72,125,773</u>	<u>\$ 56,673,514</u>	<u>\$ 48,092,573</u>	<u>\$ 45,190,937</u>	<u>\$ 39,295,813</u>	<u>\$ 34,956,524</u>	<u>\$ 32,129,100</u>	<u>\$ 30,321,088</u>	<u>\$ 27,720,008</u>
Primary government										
Net investment in capital assets	\$ 88,440,807	\$ 86,145,707	\$ 71,675,664	\$ 64,957,007	\$ 61,488,691	\$ 57,146,211	\$ 53,556,016	\$ 52,078,940	\$ 48,392,860	\$ 44,193,984
Restricted	27,403,256	24,505,454	19,551,267	17,064,333	14,799,868	13,374,824	9,624,675	9,237,862	8,596,595	8,481,991
Unrestricted	32,482,363	34,365,387	34,718,105	33,264,112	33,313,014	29,435,192	25,439,559	17,119,376	15,368,285	15,649,503
Total primary government net position	<u>\$148,326,426</u>	<u>\$145,016,548</u>	<u>\$125,945,036</u>	<u>\$115,285,452</u>	<u>\$109,601,573</u>	<u>\$ 99,956,227</u>	<u>\$ 88,620,250</u>	<u>\$ 78,436,178</u>	<u>\$ 72,357,740</u>	<u>\$ 68,325,478</u>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities										
General government	\$ 10,426,623	\$ 8,191,545	\$ 5,876,508	\$ 5,091,166	\$ 4,931,118	\$ 4,977,305	\$ 4,438,343	\$ 4,517,071	\$ 4,450,488	\$ 4,203,196
Public safety	15,551,422	13,756,038	12,337,564	11,405,942	9,938,797	9,561,365	9,185,813	8,634,931	9,096,696	8,358,096
Public services	3,036,131	2,501,819	2,566,046	2,290,213	2,405,583	2,172,411	1,942,875	2,356,952	2,074,464	2,052,720
Community services	5,026,881	4,093,352	8,283,523	4,789,306	2,776,722	2,335,533	2,512,907	2,747,378	2,860,277	2,600,013
Culture, parks, and recreation	2,298,084	2,412,983	1,852,365	2,077,227	2,350,526	2,045,279	2,089,747	1,987,194	2,043,543	1,930,324
Interest on long-term debt	1,533,622	755,557	776,984	561,311	675,680	780,269	569,961	175,913	227,696	244,938
Total government activities expenses	<u>37,872,763</u>	<u>31,711,294</u>	<u>31,692,990</u>	<u>26,215,165</u>	<u>23,078,426</u>	<u>21,872,162</u>	<u>20,739,646</u>	<u>20,419,439</u>	<u>20,753,164</u>	<u>19,389,287</u>
Business-type activities										
Water and sewer	17,661,804	12,738,114	12,102,713	10,549,382	7,919,361	7,052,003	7,164,565	6,540,982	6,207,201	7,705,970
Sanitation	3,418,553	3,260,962	2,900,824	2,639,440	2,649,550	2,362,710	2,484,910	2,347,415	2,316,125	2,298,255
Emergency medical services	2,726,768	3,013,934	2,769,114	2,891,219	2,364,251	2,262,389	2,205,977	2,170,736	2,233,013	1,957,281
Total business-type activities expenses	<u>23,807,125</u>	<u>19,013,010</u>	<u>17,772,651</u>	<u>16,080,041</u>	<u>12,933,162</u>	<u>11,677,102</u>	<u>11,855,452</u>	<u>11,059,133</u>	<u>10,756,339</u>	<u>11,961,506</u>
Total primary government expenses	<u>\$ 61,679,888</u>	<u>\$ 50,724,304</u>	<u>\$ 49,465,641</u>	<u>\$ 42,295,206</u>	<u>\$ 36,011,588</u>	<u>\$ 33,549,264</u>	<u>\$ 32,595,098</u>	<u>\$ 31,478,572</u>	<u>\$ 31,509,503</u>	<u>\$ 31,350,793</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 1,431,773	\$ 1,198,726	\$ 815,595	\$ 817,893	\$ 699,908	\$ 592,750	\$ 473,199	\$ 463,830	\$ 394,032	\$ 410,434
Public safety	1,102,053	1,011,681	2,060,176	1,976,897	1,893,602	1,660,275	1,687,896	1,729,730	1,435,593	1,261,982
Culture, parks, and recreation	599,592	425,024	-	-	-	-	-	-	-	-
Operating grants and contributions	207,612	1,091,675	4,011,859	418,037	359,526	2,086,482	125,105	118,044	125,844	126,345
Capital grants and contributions	606,560	1,142,661	-	-	-	697,971	2,000,848	66,850	36,179	154,161
Total government activities program revenues	<u>3,947,590</u>	<u>4,869,767</u>	<u>6,887,630</u>	<u>3,212,827</u>	<u>2,953,036</u>	<u>5,037,478</u>	<u>4,287,048</u>	<u>2,378,454</u>	<u>1,991,648</u>	<u>1,952,922</u>

(Continued)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Business-type activities										
Charges for services										
Water and sewer	\$ 19,211,519	\$ 16,940,315	\$ 16,091,171	\$ 13,484,762	\$ 13,368,431	\$ 11,910,330	\$ 10,553,901	\$ 8,458,463	\$ 7,982,239	\$ 7,643,861
Sanitation	3,511,116	3,297,915	2,901,121	2,649,815	2,600,911	2,596,430	2,657,125	2,566,662	2,816,845	2,781,959
Emergency medical services	2,691,381	2,620,518	2,392,116	2,178,480	2,199,885	1,864,387	1,571,819	1,750,089	1,922,169	1,755,851
Operating grants and contributions	463,500	460,948	865,249	988,487	575,606	429,354	423,630	379,079	341,550	370,640
Capital grants and contributions	-	7,479,781	-	-	-	-	1,190,795	484,131	1,448,210	-
Total business-type activities revenues	<u>25,877,516</u>	<u>30,799,477</u>	<u>22,249,657</u>	<u>19,301,544</u>	<u>18,744,833</u>	<u>16,800,501</u>	<u>16,397,270</u>	<u>13,638,424</u>	<u>14,511,013</u>	<u>12,552,311</u>
Total primary government program revenues	<u>\$ 29,825,106</u>	<u>\$ 35,669,244</u>	<u>\$ 29,137,287</u>	<u>\$ 22,514,371</u>	<u>\$ 21,697,869</u>	<u>\$ 21,837,979</u>	<u>\$ 20,684,318</u>	<u>\$ 16,016,878</u>	<u>\$ 16,502,661</u>	<u>\$ 14,505,233</u>
Net (expense)/revenue										
Governmental activities	\$ (33,925,173)	\$ (26,841,527)	\$ (24,805,360)	\$ (23,002,338)	\$ (20,125,390)	\$ (16,834,684)	\$ (16,452,598)	\$ (18,040,985)	\$ (18,761,516)	\$ (17,436,365)
Business-type activities	<u>2,070,391</u>	<u>11,786,467</u>	<u>4,477,006</u>	<u>3,221,503</u>	<u>5,811,671</u>	<u>5,123,399</u>	<u>4,541,818</u>	<u>2,579,291</u>	<u>3,754,674</u>	<u>590,805</u>
Total primary government net (expense) revenue	<u>\$ (31,854,782)</u>	<u>\$ (15,055,060)</u>	<u>\$ (20,328,354)</u>	<u>\$ (19,780,835)</u>	<u>\$ (14,313,719)</u>	<u>\$ (11,711,285)</u>	<u>\$ (11,910,780)</u>	<u>\$ (15,461,694)</u>	<u>\$ (15,006,842)</u>	<u>\$ (16,845,560)</u>
General revenues and other changes in net position										
Governmental activities										
Taxes										
Property taxes	\$ 16,778,879	\$ 15,991,718	\$ 14,357,992	\$ 13,328,999	\$ 12,523,798	\$ 11,487,085	\$ 10,939,630	\$ 10,443,831	\$ 9,788,862	\$ 9,274,853
Sales and use taxes	10,984,128	10,027,099	9,684,800	9,080,301	8,762,693	8,610,813	7,824,154	7,763,196	6,963,319	6,600,913
Franchise fees	1,204,575	1,179,914	1,244,260	1,286,818	1,217,243	1,517,080	1,713,207	1,810,062	1,756,078	1,775,920
Other taxes	1,096,424	1,023,213	914,627	746,731	844,878	611,147	532,220	495,694	414,177	728,939
Investment revenue	1,585,403	2,167,370	1,794,604	324,572	54,616	299,769	485,836	370,313	142,666	68,237
Gain on sale of capital assets	-	-	-	-	-	-	528,873	-	-	-
Other revenues	375,443	37,129	247,218	322,639	444,571	144,818	126,137	266,574	261,341	140,375
Transfers	<u>1,298,296</u>	<u>34,337</u>	<u>(1,359,498)</u>	<u>734,521</u>	<u>(12,187)</u>	<u>1,160,660</u>	<u>1,659,189</u>	<u>1,161,741</u>	<u>1,252,870</u>	<u>930,423</u>
Total government activities	<u>33,323,148</u>	<u>30,460,780</u>	<u>26,884,003</u>	<u>25,824,581</u>	<u>23,835,612</u>	<u>23,831,372</u>	<u>23,809,246</u>	<u>22,311,411</u>	<u>20,579,313</u>	<u>19,519,660</u>

(Continued)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Business-type activities										
Investment earnings	\$ 3,139,808	\$ 3,700,129	\$ 2,744,437	\$ 414,654	\$ 71,266	\$ 364,373	\$ 691,921	\$ 390,462	\$ 173,524	\$ 72,833
Other revenues	-	-	-	-	-	12,177	102,434	-	19,056	-
Transfers	(1,298,296)	(34,337)	1,359,498	(734,521)	12,187	(1,160,660)	(1,659,189)	(1,161,741)	(1,252,870)	(930,423)
Total business-type activities	1,841,512	3,665,792	4,103,935	(319,867)	83,453	(784,110)	(864,834)	(771,279)	(1,060,290)	(857,590)
Total primary government	<u>\$ 35,164,660</u>	<u>\$ 34,126,572</u>	<u>\$ 30,987,938</u>	<u>\$ 25,504,714</u>	<u>\$ 23,919,065</u>	<u>\$ 23,047,262</u>	<u>\$ 22,944,412</u>	<u>\$ 21,540,132</u>	<u>\$ 19,519,023</u>	<u>\$ 18,662,070</u>
Changes in net position										
Governmental activities	\$ (602,025)	\$ 3,619,253	\$ 2,078,643	\$ 2,822,243	\$ 3,710,222	\$ 6,996,688	\$ 7,356,648	\$ 4,270,426	\$ 1,817,797	\$ 2,083,295
Business-type activities	3,911,903	15,452,259	8,580,941	2,901,636	5,895,124	4,339,289	3,676,984	1,808,012	2,694,384	(266,785)
Total primary government	<u>\$ 3,309,878</u>	<u>\$ 19,071,512</u>	<u>\$ 10,659,584</u>	<u>\$ 5,723,879</u>	<u>\$ 9,605,346</u>	<u>\$ 11,335,977</u>	<u>\$ 11,033,632</u>	<u>\$ 6,078,438</u>	<u>\$ 4,512,181</u>	<u>\$ 1,816,510</u>

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

Source	Change	Fiscal Year									
	<u>2024-2025</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Property taxes	4.9%	\$ 16,778,879	\$ 15,991,718	\$ 14,357,992	\$ 13,328,999	\$ 12,523,798	\$ 11,487,085	\$ 10,939,630	\$ 10,443,831	\$ 9,788,862	\$ 9,274,853
Sales and use taxes	9.5%	10,984,128	10,027,099	9,684,800	9,080,301	8,762,693	8,610,813	7,824,154	7,763,196	6,963,319	6,600,913
Franchise fees	2.1%	1,204,575	1,179,914	1,244,260	1,286,818	1,217,243	1,517,080	1,713,207	1,810,062	1,756,078	1,775,920
Other taxes	7.2%	<u>1,096,424</u>	<u>1,023,213</u>	<u>914,627</u>	<u>746,731</u>	<u>844,878</u>	<u>611,147</u>	<u>532,220</u>	<u>495,694</u>	<u>414,177</u>	<u>728,939</u>
	6.5%	<u>\$ 30,064,006</u>	<u>\$ 28,221,944</u>	<u>\$ 26,201,679</u>	<u>\$ 24,442,849</u>	<u>\$ 23,348,612</u>	<u>\$ 22,226,125</u>	<u>\$ 21,009,211</u>	<u>\$ 20,512,783</u>	<u>\$ 18,922,436</u>	<u>\$ 18,380,625</u>

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General fund										
Nonspendable	\$ 130,669	\$ 54,945	\$ 36,717	\$ 43,230	\$ 631,452	\$ 125,315	\$ 62,092	\$ 19,137	\$ 50,637	\$ 22,903
Assigned	3,099,914	4,165,022	3,269,507	3,384,063	3,107,516	2,986,233	3,965,114	1,721,986	1,236,382	731,341
Unassigned	<u>9,289,244</u>	<u>9,482,272</u>	<u>10,534,962</u>	<u>9,498,836</u>	<u>10,698,143</u>	<u>10,295,514</u>	<u>7,876,500</u>	<u>6,664,391</u>	<u>5,663,727</u>	<u>5,855,255</u>
Total governal fund	<u>\$ 12,519,827</u>	<u>\$ 13,702,239</u>	<u>\$ 13,841,186</u>	<u>\$ 12,926,129</u>	<u>\$ 14,437,111</u>	<u>\$ 13,407,062</u>	<u>\$ 11,903,706</u>	<u>\$ 8,405,514</u>	<u>\$ 6,950,746</u>	<u>\$ 6,609,499</u>
All other governmental funds										
Nonspendable	\$ -	\$ 50,225	\$ 50,072	\$ 50,000	\$ 55,012	\$ 50,000	\$ 50,000	\$ 50,625	\$ 50,000	\$ 50,000
Restricted	54,719,647	26,065,136	28,865,456	20,513,389	19,945,542	25,724,137	24,496,659	9,201,590	8,551,070	8,433,597
Assigned	<u>765,546</u>	<u>839,803</u>	<u>838,128</u>	<u>735,036</u>	<u>663,953</u>	<u>687,215</u>	<u>638,117</u>	<u>594,842</u>	<u>458,160</u>	<u>284,256</u>
Total all other governmental funds	<u>\$ 55,485,193</u>	<u>\$ 26,955,164</u>	<u>\$ 29,753,656</u>	<u>\$ 21,298,425</u>	<u>\$ 20,664,507</u>	<u>\$ 26,461,352</u>	<u>\$ 25,184,776</u>	<u>\$ 9,847,057</u>	<u>\$ 9,059,230</u>	<u>\$ 8,767,853</u>

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	\$ 30,042,386	\$ 28,153,604	\$ 26,105,803	\$ 24,329,801	\$ 23,406,755	\$ 22,170,969	\$ 20,975,270	\$ 20,516,342	\$ 18,930,597	\$ 18,354,717
Permits, licenses, and fees	1,389,176	1,177,061	1,541,846	1,322,828	1,440,488	1,223,906	1,042,997	995,745	811,167	744,948
Fines and forfeitures	620,010	568,259	518,330	654,069	453,114	436,369	644,899	733,985	624,426	517,034
Intergovernmental	814,172	2,234,336	4,004,467	410,136	315,065	2,039,124	91,396	151,301	125,844	247,022
Investment earnings	1,366,824	1,916,363	1,575,018	290,756	52,370	282,239	443,790	329,629	122,856	62,212
Other revenues	1,387,960	1,136,737	1,053,470	1,181,226	987,161	738,253	619,896	816,867	597,914	547,081
Total revenues	<u>35,620,528</u>	<u>35,186,360</u>	<u>34,798,934</u>	<u>28,188,816</u>	<u>26,654,953</u>	<u>26,890,860</u>	<u>23,818,248</u>	<u>23,543,869</u>	<u>21,212,804</u>	<u>20,473,014</u>
Expenditures										
General government	9,790,716	7,543,075	5,600,059	5,120,893	4,829,756	5,033,348	4,351,190	4,554,239	4,251,415	4,134,595
Public safety	12,634,838	12,249,620	12,236,625	10,786,971	9,947,576	9,181,734	9,485,899	8,612,909	8,358,253	7,649,190
Public services	1,621,143	1,467,244	1,381,851	1,324,917	1,302,770	1,157,616	1,132,490	1,383,418	1,081,261	912,306
Community services	4,858,289	4,042,316	8,081,540	4,876,591	2,772,705	2,729,198	2,870,747	2,817,078	2,901,102	2,604,623
Culture, parks, and recreation	1,914,712	2,174,018	1,877,008	1,909,144	2,054,001	1,968,078	1,980,856	1,746,422	1,785,351	1,665,011
Capital outlay	1,286,679	9,804,172	1,933,658	3,179,025	9,647,225	9,358,182	2,801,935	2,448,603	2,384,306	2,321,645
Debt service										
Principal	1,612,480	1,342,173	1,437,744	1,829,284	1,334,891	709,944	754,729	770,994	717,122	1,168,244
Interest and fees	869,563	816,280	703,863	773,576	788,935	805,971	474,751	228,516	232,438	254,683
Bond issuance cost	778,624	-	205,812	-	-	-	-	-	-	-
Total expenditures	<u>35,367,044</u>	<u>39,438,898</u>	<u>33,458,160</u>	<u>29,800,401</u>	<u>32,677,859</u>	<u>30,944,071</u>	<u>23,852,597</u>	<u>22,562,179</u>	<u>21,711,248</u>	<u>20,710,297</u>
Excess (deficiency) of revenues over (under) expenditures	<u>253,484</u>	<u>(4,252,538)</u>	<u>1,340,774</u>	<u>(1,611,585)</u>	<u>(6,022,906)</u>	<u>(4,053,211)</u>	<u>(34,349)</u>	<u>981,690</u>	<u>(498,444)</u>	<u>(237,283)</u>

(Continued)

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Other financing sources (uses)										
Transfers in	\$ 3,271,687	\$ 3,056,246	\$ 2,945,516	\$ 5,474,383	\$ 3,936,478	\$ 3,394,305	\$ 4,080,454	\$ 1,983,196	\$ 2,040,610	\$ 1,650,070
Transfers out	(1,973,391)	(1,741,147)	(1,616,323)	(4,739,862)	(2,680,368)	(2,233,645)	(2,421,265)	(821,455)	(783,422)	(719,647)
Refunding bonds issued	-	-	-	-	-	-	-	3,024,040	-	-
Bonds issued	24,945,000	-	6,145,000	-	-	5,230,000	14,880,000	-	-	-
Premium on bonds issued	850,837	-	213,016	-	-	442,483	1,443,355	223,867	-	-
Payments to refunding bond escrow agent	-	-	-	-	-	-	-	(3,148,118)	-	-
Leases	-	-	342,305	-	-	-	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-	-	-	887,091	-	-	-
Total other financing sources (uses)	27,094,133	1,315,099	8,029,514	734,521	1,256,110	6,833,143	18,869,635	1,261,530	1,257,188	930,423
Net change in fund balances	\$ 27,347,617	\$ (2,937,439)	\$ 9,370,288	\$ (877,064)	\$ (4,766,796)	\$ 2,779,932	\$ 18,835,286	\$ 2,243,220	\$ 758,744	\$ 693,140
Debt service as a percentage of noncapital expenditures	7.28%	6.89%	6.97%	9.69%	9.18%	6.48%	6.31%	5.01%	4.85%	7.59%

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues										
Residential property	\$ 1,913,027,709	\$ 1,643,792,435	\$ 1,377,347,269	\$ 1,060,432,668	\$ 945,110,219	\$ 923,635,025	\$ 842,896,306	\$ 777,192,199	\$ 708,786,851	\$ 623,106,325
Commercial property	1,164,473,632	1,141,576,678	569,924,789	605,860,311	635,798,549	627,358,390	598,137,646	618,411,462	549,510,287	513,177,049
Personal property	293,331,087	262,931,760	222,189,894	375,117,828	366,784,470	236,885,932	253,972,950	243,399,223	234,154,314	212,913,859
Less: tax exempt property	<u>(585,393,401)</u>	<u>(850,070,850)</u>	<u>(345,188,544)</u>	<u>(339,260,830)</u>	<u>(331,334,293)</u>	<u>(311,715,695)</u>	<u>(301,570,810)</u>	<u>(313,043,289)</u>	<u>(264,109,571)</u>	<u>(253,615,638)</u>
Total taxable assessed value (1)	<u>\$ 2,785,439,027</u>	<u>\$ 2,198,230,023</u>	<u>\$ 1,824,273,408</u>	<u>\$ 1,702,149,977</u>	<u>\$ 1,616,358,945</u>	<u>\$ 1,476,163,652</u>	<u>\$ 1,393,436,092</u>	<u>\$ 1,325,959,595</u>	<u>\$ 1,228,341,881</u>	<u>\$ 1,095,581,595</u>
Taxable assessed value as a percentage of estimated actual value	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Estimated actual taxable value	\$ 2,785,439,027	\$ 2,198,230,023	\$ 1,824,273,408	\$ 1,702,149,977	\$ 1,616,358,945	\$ 1,476,163,652	\$ 1,393,436,092	\$ 1,325,959,595	\$ 1,228,341,881	\$ 1,095,581,595
Total direct tax rate	\$ 0.6850	\$ 0.6850	\$ 0.7100	\$ 0.7680	\$ 0.7680	\$ 0.7780	\$ 0.7880	\$ 0.7880	\$ 0.7980	\$ 0.8386

Source: Tax department and inspection records of the City of Alvin.

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

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
City by fund										
Operating	\$ 0.58667	\$ 0.59281	\$ 0.60000	\$ 0.62921	\$ 0.63543	\$ 0.68562	\$ 0.72430	\$ 0.71910	\$ 0.72360	\$ 0.71190
Debt service	0.09833	0.09219	0.11000	0.13879	0.13257	0.09238	0.06370	0.06890	0.07440	0.12670
Total direct rates	<u>0.68500</u>	<u>0.68500</u>	<u>0.71000</u>	<u>0.76800</u>	<u>0.76800</u>	<u>0.77800</u>	<u>0.78800</u>	<u>0.78800</u>	<u>0.79800</u>	<u>0.83860</u>
Alvin Independent School District	1.15000	1.19230	1.37770	1.39770	1.39770	1.39770	1.45000	1.45000	1.45000	1.41700
Brazoria County	0.35878	0.27066	0.34111	0.38650	0.39202	0.41523	0.42791	0.44023	0.45741	0.48600
Conservation and Reclamation District No. 3	0.16841	0.15000	0.15000	0.15000	0.14590	0.15000	0.15000	0.15000	0.15000	0.15000
Alvin Community College	<u>0.16175</u>	<u>0.15126</u>	<u>0.16415</u>	<u>0.18320</u>	<u>0.18340</u>	<u>0.18590</u>	<u>0.18780</u>	<u>0.18080</u>	<u>0.19174</u>	<u>0.20400</u>
Total direct and overlapping rates (1)	<u>\$ 2.52394</u>	<u>\$ 2.44922</u>	<u>\$ 2.74296</u>	<u>\$ 2.88540</u>	<u>\$ 2.88702</u>	<u>\$ 2.92683</u>	<u>\$ 3.00371</u>	<u>\$ 3.00903</u>	<u>\$ 3.04715</u>	<u>\$ 3.09560</u>

Tax rates per \$100 of assessed valuation
Source: Brazoria County Appraisal District

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

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

	2025			2016		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Property Tax Payer						
Rockstar	\$ 40,997,850	1	1.47%	\$ -	-	0.00%
Team Industrial						
Services, Inc.	27,429,310	2	0.98%	23,401,538	2	2.14%
Highland Square	23,812,020	3	0.85%	6,534,290	6	0.60%
Wal-Mart	18,973,700	4	0.68%	18,762,070	3	1.71%
Home Depot	16,050,864	5	0.58%	-	-	0.00%
ZT Auto Real Estate	12,492,500	6	0.45%	-	-	0.00%
Hillcrest Village						
Partners LLP	12,415,210	7	0.45%	-	-	0.00%
1800 FM1092 LLP	12,250,000	8	0.44%	6,377,120	7	0.58%
Sun Meadows MHP	9,415,220	9	0.34%	-	-	0.00%
Fairway LLC	8,559,980	10	0.31%	-	-	0.00%
Weatherford USA, LP	-	-	0.00%	23,804,930	1	2.17%
Ron Carter Chrysler	-	-	0.00%	9,722,720	4	0.89%
Alvin Autoland, Inc.	-	-	0.00%	8,780,808	5	0.80%
RiceTec	-	-	0.00%	6,050,770	8	0.55%
ComCast of Houston	-	-	0.00%	5,302,420	9	0.48%
Cantex Health Care	-	-	0.00%	4,839,960	10	0.44%
Subtotal	<u>182,396,654</u>		<u>6.55%</u>	<u>113,576,626</u>		<u>10.37%</u>
Other taxpayers	<u>2,603,042,373</u>		<u>93.45%</u>	<u>982,004,969</u>		<u>89.63%</u>
Total taxable assessed value	<u>\$ 2,785,439,027</u>		<u>100.00%</u>	<u>\$ 1,095,581,595</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									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax levy	\$ 16,913,096	\$ 15,901,027	\$ 14,283,152	\$ 13,085,914	\$ 12,419,069	\$ 11,407,561	\$ 10,867,368	\$ 10,352,600	\$ 9,733,834	\$ 9,136,737
Current tax collected	\$ 16,665,422	\$ 15,632,234	\$ 14,076,966	\$ 12,937,655	\$ 12,271,307	\$ 11,237,139	\$ 10,731,665	\$ 10,240,350	\$ 9,627,522	\$ 9,040,858
Percentage of current tax collections	98.54%	98.31%	98.56%	98.87%	98.81%	98.51%	98.75%	98.92%	98.91%	98.95%
Delinquent tax collections	\$ -	\$ -	\$ 124,399	\$ 94,958	\$ 110,516	\$ 134,372	\$ 114,674	\$ 96,058	\$ 95,489	\$ 83,721
Total tax collections	<u>\$ 16,665,422</u>	<u>\$ 15,632,234</u>	<u>\$ 14,201,365</u>	<u>\$ 13,032,613</u>	<u>\$ 12,381,823</u>	<u>\$ 11,371,511</u>	<u>\$ 10,846,339</u>	<u>\$ 10,336,408</u>	<u>\$ 9,723,011</u>	<u>\$ 9,124,579</u>
Total collections as a percentage of current levy	98.54%	98.31%	99.43%	99.59%	99.70%	99.68%	99.81%	99.84%	99.89%	99.87%
Outstanding delinquent taxes	\$ 247,674	\$ 268,793	\$ 81,787	\$ 53,301	\$ 37,246	\$ 36,050	\$ 21,029	\$ 16,192	\$ 10,823	\$ 12,158
Outstanding delinquent taxes as percentage of current levy	1.46%	1.69%	0.57%	0.41%	0.30%	0.32%	0.19%	0.16%	0.11%	0.13%

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Primary government</u>										
Governmental activities										
General obligation bonds	\$ 1,496,284	\$ 1,727,020	\$ 2,027,004	\$ 2,382,990	\$ 3,172,075	\$ 3,732,716	\$ 4,414,329	\$ 4,925,766	\$ 2,777,474	\$ 3,262,729
Certificates of obligation	46,105,000	22,480,000	23,490,000	18,355,000	19,365,000	20,110,000	14,880,000	207,945	3,743,010	3,937,092
Notes payable	106,427	139,660	171,849	203,027	233,226	262,476	290,807	326,154	364,265	402,050
Issuance discounts/premiums	2,508,951	1,774,319	1,890,524	1,784,569	1,950,470	2,064,136	1,714,249	294,759	175,545	188,791
Leases payable	3,066,766	1,285,836	301,725	-	-	-	-	-	-	-
Subtotal	<u>\$ 53,283,428</u>	<u>\$ 27,406,835</u>	<u>\$ 27,881,102</u>	<u>\$ 22,725,586</u>	<u>\$ 24,720,771</u>	<u>\$ 26,169,328</u>	<u>\$ 21,299,385</u>	<u>\$ 5,754,624</u>	<u>\$ 7,060,294</u>	<u>\$ 7,790,662</u>
Business-type activities										
Revenue bonds	\$ 78,480,000	\$ 83,245,000	\$ 62,685,000	\$ 65,015,000	\$ 38,040,000	\$ 22,840,000	\$ 24,070,000	\$ 9,290,000	\$ -	\$ -
General obligation bonds (1)	2,843,712	3,627,976	4,267,994	5,217,010	6,722,929	7,967,300	9,205,688	10,354,252	10,567,531	11,672,276
Certificates of obligation (2)	5,250,000	5,775,000	6,300,000	6,825,000	7,350,000	7,880,000	8,410,000	8,957,055	9,776,990	10,322,908
Issuance discounts/premiums	5,447,328	5,795,635	5,110,304	5,409,392	3,527,814	1,967,005	2,083,072	788,219	490,004	520,607
Subtotal	<u>92,021,040</u>	<u>98,443,611</u>	<u>78,363,298</u>	<u>82,466,402</u>	<u>55,640,743</u>	<u>40,654,305</u>	<u>43,768,760</u>	<u>29,389,526</u>	<u>20,834,525</u>	<u>22,515,791</u>
Total primary government	<u>\$ 145,304,468</u>	<u>\$125,850,446</u>	<u>\$106,244,400</u>	<u>\$105,191,988</u>	<u>\$ 80,361,514</u>	<u>\$ 66,823,633</u>	<u>\$ 65,068,145</u>	<u>\$ 35,144,150</u>	<u>\$ 27,894,819</u>	<u>\$ 30,306,453</u>
Personal income	\$ 1,340,005,000	\$936,268,000	\$850,161,000	\$738,552,000	\$702,446,000	\$621,944,000	\$615,572,000	\$617,818,000	\$608,914,000	\$580,839,000
Debt as a percentage of personal income	10.84%	13.44%	12.50%	14.24%	11.44%	10.74%	10.57%	5.69%	4.58%	5.22%
Population	30,600	29,064	28,780	28,780	27,098	28,616	28,616	24,236	24,236	24,236
Debt per capita	\$ 4,749	\$ 4,330	\$ 3,692	\$ 3,655	\$ 2,966	\$ 2,335	\$ 2,274	\$ 1,450	\$ 1,151	\$ 1,250

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.

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Estimated actual taxable value of property										
All property	\$ 2,785,439,027	\$ 2,198,230,023	\$ 1,824,273,408	\$ 1,702,149,977	\$ 1,616,358,945	\$ 1,476,163,652	\$ 1,393,436,092	\$ 1,287,439,433	\$ 1,228,341,881	\$ 1,087,861,264
Net bonded debt										
Gross bonded debt (1)	\$ 63,651,275	\$ 41,179,950	\$ 43,085,826	\$ 39,973,961	\$ 42,088,288	\$ 43,721,157	\$ 40,707,338	\$ 25,527,996	\$ 27,530,554	\$ 29,904,403
Less debt service funds	<u>84,609</u>	<u>84,139</u>	<u>57,576</u>	<u>41,051</u>	<u>346,985</u>	<u>383,194</u>	<u>394,430</u>	<u>152,313</u>	<u>97,686</u>	<u>92,651</u>
Total net bonded debt	<u>\$ 63,566,666</u>	<u>\$ 41,095,811</u>	<u>\$ 43,028,250</u>	<u>\$ 39,932,910</u>	<u>\$ 41,741,303</u>	<u>\$ 43,337,963</u>	<u>\$ 40,312,908</u>	<u>\$ 25,375,683</u>	<u>\$ 27,432,868</u>	<u>\$ 29,811,752</u>
Net bonded debt as a percentage of estimated actual taxable value of property	2.28%	1.87%	2.36%	2.35%	2.58%	2.94%	2.89%	1.97%	2.23%	2.74%
Population	30,600	29,064	28,780	28,780	27,098	28,616	28,616	24,236	24,236	24,236
Net bonded debt per capita	\$ 2,077	\$ 1,414	\$ 1,495	\$ 1,388	\$ 1,540	\$ 1,514	\$ 1,409	\$ 1,047	\$ 1,132	\$ 1,230

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

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

CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2025

	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Governmental unit			
Debt Repaid with Property Taxes			
Brazoria County	\$ 168,597,375	11.05%	\$ 18,631,696
Alvin Independent School District	1,575,589,681	48.68%	767,006,510
Alvin Community College	26,495,250	6.18%	<u>1,636,347</u>
Subtotal, overlapping debt			787,274,553
City direct debt	\$ 53,283,428	100.00%	<u>53,283,428</u>
Total direct and overlapping debt			<u>\$ 840,557,981</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 of Alvin's total taxable assessed value.

CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION
September 30, 2025

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Total Taxable Assessed Value</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
2024	2025	\$ 2,785,439,027	100%	\$ 2,785,439,027
2023	2024	2,198,230,023	100%	2,198,230,023
2022	2023	1,824,273,408	100%	1,824,273,408
2021	2022	1,702,149,977	100%	1,702,149,977
2020	2021	1,616,358,945	100%	<u>1,616,358,945</u>
Total five year valuation				<u>\$ 10,126,451,380</u>
Five year average full valuation of taxable real property				<u>\$ 2,025,290,276</u>
Debt limit (10% of average full valuation)				<u>\$ 202,529,028</u>
Outstanding indebtedness at September 30				
Governmental activities - general obligation debt				\$ 1,496,284
Governmental activities - certificates of obligation debt				46,105,000
Business-type activities - general obligation debt				2,843,712
Business-type activities - certificates of obligation debt				<u>5,250,000</u>
Net indebtedness subject to debt limit				<u>\$ 47,601,284</u>
Net debt contracting margin				\$ 154,927,744
Percentage of net debt contracting margin available				76.50%
Percentage of net debt contracting power exhausted				23.50%
Last Ten Fiscal Years				
<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Outstanding Indebtedness September 30</u>	<u>Net Debt Contracting Margin</u>	<u>Percentage of Net Debt Contracting Margin Available</u>
2025	\$ 202,529,028	\$ 47,601,284	\$ 154,927,744	76.50%
2024	176,343,520	5,354,996	170,988,524	96.96%
2023	160,247,641	6,294,998	153,952,643	96.07%
2022	149,510,962	7,600,000	141,910,962	94.92%
2021	140,034,800	9,895,004	130,139,796	92.93%
2020	129,464,846	11,700,016	117,764,830	90.96%
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%

CITY OF ALVIN, TEXAS
PLEDGED-REVENUE COVERAGE
Last Ten Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Gross revenues (1)	\$ 22,282,506	\$ 20,569,541	\$ 18,768,811	\$ 13,887,907	\$ 13,436,865	\$ 12,260,451	\$ 11,199,041	\$ 8,791,640	\$ 8,126,553	\$ 7,707,395
Operating expenses (2)	<u>11,046,971</u>	<u>7,043,148</u>	<u>7,695,286</u>	<u>5,670,140</u>	<u>3,861,494</u>	<u>4,012,455</u>	<u>4,021,047</u>	<u>3,996,306</u>	<u>4,018,228</u>	<u>5,496,715</u>
Net revenues available for debt service	<u>\$ 11,235,535</u>	<u>\$ 13,526,393</u>	<u>\$ 11,073,525</u>	<u>\$ 8,217,767</u>	<u>\$ 9,575,371</u>	<u>\$ 8,247,996</u>	<u>\$ 7,177,994</u>	<u>\$ 4,795,334</u>	<u>\$ 4,108,325</u>	<u>\$ 2,210,680</u>
Debt service requirements (3)										
Principal	\$ 4,765,000	\$ 3,555,000	\$ 2,330,000	\$ 2,095,000	\$ 1,230,000	\$ 1,230,000	\$ 465,000	\$ -	\$ -	\$ -
Interest	<u>3,276,725</u>	<u>3,537,558</u>	<u>2,500,073</u>	<u>1,464,925</u>	<u>851,331</u>	<u>993,994</u>	<u>309,314</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,041,725</u>	<u>\$ 7,092,558</u>	<u>\$ 4,830,073</u>	<u>\$ 3,559,925</u>	<u>\$ 2,081,331</u>	<u>\$ 2,223,994</u>	<u>\$ 774,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	1.40	1.91	2.29	2.31	4.60	3.71	9.27	-	-	-

(1) Total operating 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.

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2016	24,236	\$ 580,839,000	\$ 23,966	34	13	23,479	5.7%
2017	24,236	608,914,000	25,124	35	13	23,632	5.4%
2018	24,236	617,818,000	25,492	35	13	26,000	4.4%
2019	28,616	615,572,000	21,511	35	14	27,156	4.2%
2020	28,616	621,944,000	21,734	35	14	27,063	7.9%
2021	27,098	702,446,000	25,922	33	14	27,033	7.9%
2022	28,780	738,552,000	25,662	33	14	28,385	5.2%
2023	28,780	850,161,000	29,540	34	12	10,047	4.7%
2024	29,064	936,268,000	32,214	34	13	9,824	4.3%
2025	30,600	1,340,005,000	43,791	34	13	10,049	4.7%

Data sources:

- (1) Census.gov
- (2) Alvin Independent School District
- (3) Censusporter.org
- (4) USA Today

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

<u>Employer</u>	<u>2025*</u>			<u>2016**</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Alvin Independent School District	4,074	1	49.70%	2,955	1	58.04%
RiceTec	1,166	2	14.22%	212	7	4.16%
INEOS Olfens & Polymers USA	643	3	7.84%	550	3	10.80%
Wal-Mart	520	4	6.34%	-	-	0.00%
Ascend Performance Materials	462	5	5.64%	615	2	12.08%
Ron Carter Automotive	320	6	3.90%	-	-	0.00%
Alvin Community College	315	7	3.84%	300	4	5.89%
City of Alvin	277	8	3.38%	215	6	4.22%
Team Industrial Services	220	9	2.68%	244	5	4.79%
BeAed	200	10	2.44%	-	-	0.00%
Dish Network	-		0.00%	-	-	0.00%
Diversified Ceramics	-		0.00%	-	-	0.00%
Total	<u>8,197</u>		<u>100.00%</u>	<u>5,091</u>		<u>100.00%</u>

Source: Economic development department

* <http://www.eda-bc.com/reports>

** City of Alvin Financial Report FYE 9/30/2016

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

	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General fund										
Administration	2	2	2	2	2	3	3	3	2	2
Legal	2	2	2	2	2	1	1	1	3	3
Municipal	4	4	4	4	4	4	3	3	3	3
City Secretary	3	3	3	3	3	3	3	3	3	3
Finance	5	5	5	5	5	7	7	8	8	8
Human Resources	3	3	3	3	2	-	-	-	-	-
Public Safety										
Police	87	85	83	77	78	73	72	72	72	73
Fire	5	5	4	4	4	4	4	4	4	4
Fire Marshal	2	2	1	1	1	1	1	1	1	1
Humane	9	9	8	8	8	7	7	7	7	7
Culture and recreation										
Parks	10	10	11	10	9	9	9	9	9	9
Facility maintenance	-	2	2	3	2	2	2	2	2	1
Senior center	2	2	2	2	1	1	1	1	1	1
Economic development	1	1	1	1	2	2	2	2	2	2
Community neighborhood	2	1	1	1	1	1	1	1	1	1
Public works										
Street	26	26	26	24	25	25	25	25	25	25
Engineering	7	7	9	9	11	10	9	9	9	8
Community development inspections	<u>9</u>	<u>9</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
General fund total	179	178	174	166	166	157	154	155	156	155
Water, sewer and sanitation funds										
Administration	8	8	10	10	10	7	7	7	7	7
Water, sewer, WWTP	27	27	28	28	22	23	23	24	24	24
Code enforcement	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>
Water, sewer and sanitation funds total	39	39	41	41	35	34	34	35	35	36
Internal service funds										
Administration	<u>15</u>	<u>15</u>	<u>12</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>6</u>
Internal service funds total	15	15	12	5	5	5	5	5	6	6
Emergency medical services fund										
Administration	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>	<u>18</u>
Emergency medical services fund total	18	18	18	18	18	18	18	18	18	18
Total city positions	<u>251</u>	<u>250</u>	<u>245</u>	<u>230</u>	<u>224</u>	<u>214</u>	<u>211</u>	<u>213</u>	<u>215</u>	<u>215</u>

Source: Economic development department

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

Function/Program	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Police										
Physical arrests	1,439	1,560	1,911	1,876	2,586	1,593	1,970	1,955	2,017	2,139
Traffic violations	3,008	4,841	4,260	6,033	4,450	3,692	5,891	7,325	5,127	4,103
Fire										
Emergency responses	944	838	938	863	838	611	720	690	743	660
Inspections	1,788	1,695	1,467	1,575	1,518	1,637	1,703	1,681	1,409	1,563
Sanitation										
Monthly residential pickups	7,735	7,410	7,121	6,953	6,457	6,386	6,280	6,144	6,090	6,017
Commercial containers	995	934	829	962	952	969	968	941	849	843
Culture and recreation										
Athletic fields	22	22	22	22	22	22	22	22	22	22
Water										
New accounts	281	374	901	67	239	173	121	294	123	64
Total no. of water connections	10,636	10,355	9,981	9,080	9,013	8,774	8,601	8,480	8,186	8,063
Average daily consumption (thousands of gallons)	2.190	4,857	2.695	3.020	2.970	2.651	2.697	2.838	2.790	2.604
Sewer										
Average daily sewage treatment (thousands of gallons)	3.208	3.305	4.049	2.064	4.043	3.720	3.568	2.993	2.942	2.546

Source: Various City of Alvin departments

Note: Indicators are not available for the general government functions

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

Function/Program	Fiscal Year									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	44	44	42	44	40	40	40	40	40	40
Fire										
Fire station	3	3	3	3	3	3	3	3	3	3
Volunteers	69	68	70	65	65	59	64	60	62	60
Highways and streets										
Streets (miles)	190	190	190	190	190	183	183	183	183	183
Parks and recreation										
Parks acreage	171	171	171	171	171	171	171	171	171	171
Parks	14	14	14	14	14	14	14	14	14	14
Senior center	1	1	1	1	1	1	1	1	1	1
Skate park	1	1	1	1	1	1	1	1	1	1
Dog park	1	1	1	1	1	1	1	1	1	1
Hike and bike trail	1	1	1	1	1	1	1	1	1	1
Swimming pool	2	2	1	1	1	1	1	1	1	1
Tennis courts	2	2	2	2	2	2	2	2	2	2
Water										
Water wells	5	5	5	5	5	5	5	5	5	5
Water mains (miles)	168	168	168	167	163	157	152	150	150	148
Fire hydrants	2,783	2,757	2,743	2,727	2,704	1,061	1,039	984	984	976
Storage capacity (thousands of gallons)	8.31	8.31	8.31	8.31	8.31	8.31	8.31	8.31	8.31	8.31
Sewer										
Sanitary sewers (miles)	160	157	155	154	152	148	148	144	144	142
Storm sewers (miles)	28	28	27	27	27	25	16	57	57	57
Treatment capacity (thousands of gallons)	5	5	5	5	5	5	5	5	5	5

Source: Various City of Alvin departments

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

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

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BRACEWELL

[CLOSING DATE]

\$ _____

CITY OF ALVIN, TEXAS

WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026

We have represented the City of Alvin, Texas (the “Issuer”) as its bond counsel in connection with an issue of bonds as described below:

CITY OF ALVIN, TEXAS WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2026, dated November 1, 2026, in the aggregate principal amount of \$ _____ (the “Bonds”).

The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in the ordinance adopted by the City Council of the Issuer authorizing their issuance (the “Ordinance”).

We have represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Ordinance.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, customary certificates of officers, agents and representatives of the Issuer and other public officials and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined executed Bond No. I-1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Ordinance, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Bracewell LLP

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711 Louisiana Street, Suite 2300, Houston, Texas 77002-2770
bracewell.com

AUSTIN DALLAS DUBAI HOUSTON LONDON NEW YORK PARIS SAN ANTONIO SEATTLE WASHINGTON, DC

[CLOSING DATE]

Page 2

Based upon such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and therefore the Bonds constitute valid and legally binding obligations of the Issuer.
2. The Bonds are special obligations of the Issuer that are payable solely from, and are equally and ratably secured by a first lien on, the Net Revenues (as defined and provided for in the Ordinance) of the System (as defined in the Ordinance), as collected and received by the Issuer, from the operation and ownership of the System, which Net Revenues shall, in the manner provided in the Ordinance, be set aside for and pledged to the payment of the Bonds and additional obligations in the Interest and Sinking Fund, all as more fully described and provided for in the Ordinance.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

The Issuer has reserved the right to issue additional parity revenue obligations, subject to the restrictions contained in the Ordinance, which may be equally and ratably payable from, and secured by a first lien on and pledge of, the aforesaid Net Revenues in the same manner and to the same extent as the Bonds.

The Issuer has further reserved the right to issue revenue obligations secured in whole or in part by liens on the Net Revenues that are junior and subordinate to the liens on the Net Revenues securing the Bonds.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the Issuer or other parties upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

[CLOSING DATE]

Page 3

Our opinions are based on existing law and our knowledge of facts as to the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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USCA MUNICIPAL ADVISORS, LLC

Financial Advisor to the City

