



Comprehensive Annual Financial Report



City of Alvin, Texas
Fiscal Year ended September 30, 2007

CITY OF ALVIN, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEAR ENDED SEPTEMBER 30, 2007



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Introductory Section

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CITY OF ALVIN

216 WEST SEALY • ALVIN, TEXAS 77511 • 281-388-4200 • FAX: 281-331-7215

April 08, 2008

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

In accordance with our City Charter, we are pleased to submit the Comprehensive Annual Financial Report of the City of Alvin, Texas for the fiscal year ended September 30, 2007. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City of Alvin. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Alvin has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Alvin's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Alvin's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Alvin's financial statements have been audited by Null-Lairson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Alvin for the fiscal year ended September 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Alvin's financial statements for the fiscal year ended September 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Alvin's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Alvin is located in the southern part of the state, which is considered to be one of the fastest growing areas of the state. The City of Alvin occupies an area of approximately 15 square miles and services a population of 21,413, per the 2000 census. The City of Alvin is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation.

The City of Alvin operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing body consisting of the Mayor and seven council members. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the government's manager and attorney. The governing body also approves the selection of department heads. The government's manager is responsible for carrying out the policies and ordinances of the governing body and for overseeing the day-to-day operations of the government. The council is elected on a non-partisan basis. Council members serve two-year staggered terms. The mayor is elected to serve a two-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 of Alvin provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities. Through Enterprise Fund operations, the government also provides EMS, water and sewer service and sanitation service.

The annual budget serves as the foundation for The City of Alvin's financial planning and control. All departments of the City of Alvin submit requests for appropriation to the City Manager each year in June. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents the proposed budget to the council for review by July 31. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 15, fifteen days prior to the close of the fiscal year on September 30. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department with approval from City Manager. Supplemental appropriations for departments, however, require the special approval of the governing body. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 66 as part of the required supplemental information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 78.

Local Economy

The City of Alvin is situated in northern Brazoria County twenty-five miles southeast of downtown Houston. The City is located within the tri-tech region referred to as the new "*Golden Triangle*", since it is right in the center of the three most important industries in the Gulf Coast area of the state, namely, 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-minute trip. The City is also within the scope of a 30-minute radius from Houston Hobby Airport to the north, and the sandy beaches of Galveston Island to the south. The area is located in one of the fastest growing parts of the state.

Northern Brazoria County is growing at a steady rate. Due to the heavy growth to the north and to the west of Houston, and blocked by the Houston Ship Channel to the east, it is anticipated that a large growth will come south to this area. While a high percentage of the City's population work in the nearby petrochemical, medical and space industries, the area agriculture activity produces rice, soybeans, corn, cattle, poultry and hogs. Alvin Community College is quickly becoming the area's premiere source for higher education with an enrollment figure of over 4,000 students. ACC is a public two-year, comprehensive community college providing educational opportunities in workforce training, academics, technical fields, adult basic education and personal development. Economic development is a priority in

the area, as the City Officials, Chamber of Commerce, Alvin Community College, the county, real estate firms and other groups continue to work together to support existing companies and make it an attractive option for businesses seeking a new location. The widening of State Highway Six from State Highway 288 towards the City of Alvin will also attract new businesses to the Alvin area. Based on current projections this trend toward lower unemployment and a promotion of new businesses will continue in the area.

During 2007, the City already had several new businesses located in Alvin. These include three new banks, Kelly's Country Kitchen restaurant and YMCA with more pre-opening enrolled memberships than any Greater Houston Area YMCA had ever had. In addition, Alvin Community College already began construction of its new \$15,000,000 Science and Health Science Building facility with expected completion date to be fall 2007. The City is also projecting to receive three restaurants, one new bank, two shopping areas and an office complex during the next few years.

Long-term Financial Planning

The City of Alvin's growth has been relatively flat over the past number of years due to the decline of oil and gas production and agriculture activities in the area. However, the City is now seeing a boom in residential construction as development from Houston moves our way. During 2006-07, the City permitted 111 new homes and anticipating approximately 205 new homes to be built in 2007-08. Financing for the necessary City infrastructure supporting approximately one-half of this growth will be done via building utility impact fees and inter-city Municipal Utility District bonds. The infrastructure for the balance is currently available and in place.

In 2003 the City formed a TIRZ #2 for the development of Kendall Lakes Subdivision. Constructions on the first four subdivisions already began in February 2006. Construction of homes is expected to begin by end of 2007. This development has reserved about 30% of its area for commercial development. Approximately 70% of the property tax derived from the incremental improvements will be used by the developer for construction of public infrastructure and 30% will be directed to City for administrative, Police, and Emergency Services. The City will also receive construction Impact Fees and residential water and sewer service fees.

Major positive impacts to the City are the City's mobility plan. Part of the plan includes the Grand Parkway which will connect SH 288 at CR 60 to SH 35 near Liverpool, follow 35 North around Alvin to just past FM 517, and then connect eastward to I-45 at CR 646. This project is scheduled to be completed by 2012. Completion of this project will allow reasonable commuting times between Alvin and Houston, Clear Lake, and Sugar Land areas which will result in Alvin becoming a residential alternative for a greater number of people. The City is also supporting a Texas Department of Transportation proposal to construct a new toll-way from near downtown Houston to the north side of Alvin. The proposal would have the toll-way parallel to the BNSF railroad, terminating in Alvin at the Grand Parkway.

The City is also making repairs to its older sewer lines. Many of the City's older lines are deteriorating and allowing rainwater to infiltrate into the system overloading lift stations and the wastewater treatment plant. The City has acquired \$6,650,000 in low interest Water Development Bonds to make system repairs and to extend new sewer lines over a number of years. The repairs are being done by outside contractors and by an in-house crew dedicated solely to this project.

Relevant Financial Policies

The City has adopted a fund balance policy that sets the policy for the General Fund to twenty five percent (25%) of the annual operating costs not to fall below \$1,500,000 and a policy for the Debt Service Fund to fifty percent (50%) of the annual debt payments of the debt service fund. This will allow appropriate levels of fund balance within each fund to cover emergency and nonrecurring activities incurred anytime during the year.

Major Initiatives

The City of Alvin is continuing to work on the Extension of State Highway 528. This project will allow residents living in the central and west part of town to have quick access to major roads such as Highway 6, Highway 35 and FM 528 to travel out of town. It will also provide a much needed bridge over the railroad tracks by eliminating traffic congestion caused by the trains. In addition, this project will improve the safety of our children traveling by school bus and facilitate movement of our EMS and Fire department when emergencies occur. The City plans to add a much needed new fire station on the west side of town at an estimated cost of \$1,200,000 by the end of 2007. The City also plans to upgrade an outdated wastewater treatment plant and build a new elevated storage tank at an estimated cost of \$3,000,000. Because these projects are growth driven projects, a portion of the cost can be funded by the City's imposed impact fees. The remaining will be financed over a number of years.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Alvin for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2006. This was the twenty third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as a policy document, a financial plan, an operations guide and as a communications device.

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

Respectfully submitted,



Paul A. Horn
City Manager



Suzy Kou
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alvin
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



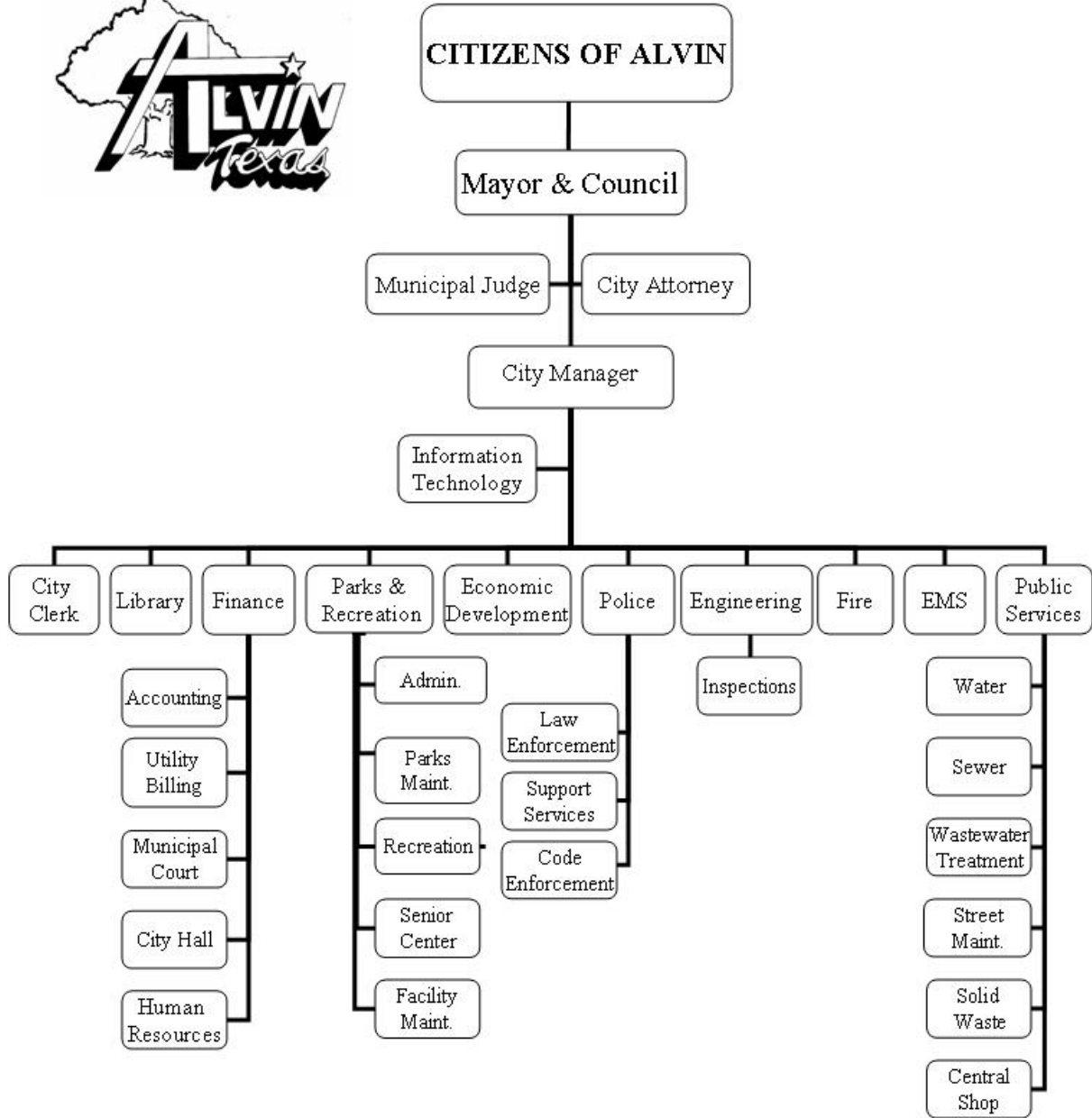
Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

Organizational Chart



CITY OF ALVIN, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
September 30, 2007

City Officials	Address	Elective Position	Term Expires
Gary Appelt	1050 Sommerset, Alvin	Mayor	2008
Steve Troha	935 Steele Road, Alvin	Councilmember-District A	2008
Kathleen Holton	1215 Victory Lane, Alvin	Councilmember-District B	2009
Jim Landriault	1900 Maxwell, Alvin	Councilmember-District C	2009
Eddie Murray	1731 Glennview, Alvin	Councilmember-District D	2008
Larry Nelson	1312 Highland Dr, Alvin	Councilmember-District E	2008
Bob Dillman	3825 Clover, Alvin	Councilmember-At Large 1	2009
John Ralph	1728 Glenview Drive, Alvin	Councilmember-At Large 2	2008
Department Heads	Address	Appointive Position	
Paul Horn	3233 Sky Ranch Dr., Alvin	City Manager	
Thomas W. Peebles	216 S. Beaugard, Alvin	City Clerk	
Suzy Kou	2205 Fennigan Court, League City	Director of Finance	
Donna Starkey	2005 Troon, Alvin	Municipal Court Judge	
Bobbi Kacz	1410 Greenbriar Ave, Friendswood	City Attorney	
Rex Klesel	3537 CR 326, Alvin	Fire Chief	
David Kocurek	12403 CR 280, Alvin	Director of Public Works	
Andy Gallagher	7711 Southmeadow Dr., Houston	City Engineer	
Michael Merkel	460 Sherandoe, Alvin	Police Chief	
Ed Hersch	1603 Dixie Hill Ct., Pearland	Director of Parks and Recreation	
Ron Schmitz	1600 Bayou Dr., Alvin	EMS Director	
Abel R. Longoria	6 Cadena Dr., Galveston	EMS Medical Director	
Larry Buehler	244 Lasso, Angleton	Director of Economic Development	

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Financial Section

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Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Alvin, Texas as of and for the year ended September 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Alvin's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Alvin, Texas, as of September 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 12, the general fund budgetary comparison information on pages 66 through 67 and the schedule of funding progress on page 69, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alvin's basic financial statements. The introductory section, combining and individual fund statements and schedules that include: combining financial statements for non-major governmental funds and internal service funds; individual fund annual budgetary comparison schedules; information on governmental capital assets and entity wide long-term debt; and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

To the Honorable Mayor and Members of the City Council
City of Alvin, Texas
Page 2

The combining and individual fund statements and schedules that include: combining financial statements for non-major governmental funds and internal service funds; individual fund annual budgetary comparison schedules; information on governmental capital assets; and, entity wide long-term debt have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Nell Larson, AC". The signature is written in a cursive style with a large initial "N" and "L".

Houston, Texas
April 08, 2008

Management's Discussion and Analysis

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CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Alvin, we offer readers of the City of Alvin's financial statements this narrative overview and analysis of the financial activities of the City of Alvin for the fiscal year ended September 30, 2007. Please read the information presented here in conjunction with the basic financial statements which follow this section.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$50,641,261 (net assets). Of this amount, \$9,713,505 (unrestricted net assets) may be used to meet the Government's ongoing obligations to citizens and creditors.
- The Government's total net assets increased by \$1,538,932.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,660,598, an increase of \$2,023,904 in comparison with the prior year. \$3,472,485 is available for spending at the Government's discretion (unreserved, undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2,961,457, or 26% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Alvin's basic financial statements. The City of Alvin's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Alvin's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Alvin's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City of Alvin is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Alvin that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Alvin include general government, public safety, public works, planning and development, parks and recreation and the library. The business-type activities of the City of Alvin include the water & sewer system, sanitation and emergency medical services.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Alvin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Alvin can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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, the 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 fiscal year. Such information may be useful in evaluating a government'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. In a separate schedule following the governmental fund balance sheet, a reconciliation schedule to facilitate this comparison between governmental funds and the Government wide Statement of Net Assets is shown.

The reconciliation between the governmental fund statement of revenues, expenditures and changes in fund balances and governmental activities is provided on a separate schedule.

The City of Alvin maintains eighteen individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the sales tax fund, all of which are considered to be major funds. Data from the other funds is provided in the column labeled non-major governmental funds.

Proprietary Funds

The City of Alvin maintains two different 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 of Alvin uses enterprise funds to account for its water and sewer system, sanitation and the emergency medical services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Alvin's various functions. The City of Alvin uses an internal service funds to account for central shop activities. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system and sanitation fund, which are considered to be major funds for the City of Alvin, and the emergency medical services funds, which is considered as a non-major proprietary fund.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Alvin's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

Notes to the Financial Statements

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

Other Required Supplemental information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning information on the City of Alvin's general fund budget and actual amounts and the City's progress in funding its obligation to provide pension benefits to its employees.

Other Supplemental Information

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 74 through 93 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Alvin, assets exceed liabilities by \$50.6 million at the close of the most recent fiscal year.

Table - 1 - City of Alvin's Net Assets

	Governmental Activities		Business Type Activities	
	2007	2006	2007	2006
Assets				
Current and other assets	\$ 15,498,523	\$ 11,913,451	\$ 12,059,593	\$ 12,535,265
Capital Assets	33,060,958	33,414,234	27,152,659	28,185,633
Total Assets	48,559,481	45,327,685	39,212,252	40,720,898
Liabilities				
Long-term liabilities outstanding	9,820,793	10,388,968	21,311,815	22,901,336
Other Liabilities	2,753,816	1,379,818	3,244,048	3,186,062
Total Liabilities	12,574,609	11,768,786	24,555,863	26,087,398
Net Assets				
Invested in Capital assets, net of related debt	26,711,260	26,136,763	9,185,334	10,031,169
Restricted	4,185,439	2,379,709	845,723	859,118
Unrestricted	5,088,173	5,042,427	4,625,332	3,743,213
Total Net Assets	\$ 35,984,872	\$ 33,558,899	\$ 14,656,389	\$ 14,633,500

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

By far the largest portion of the City of Alvin's net assets, \$35.9 million (70.9%), reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Alvin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Alvin'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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Alvin's net assets, \$5.0 million (9.9%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9.7 million) is available to meet the government's ongoing obligations to citizens and creditors.

There was a decrease of \$160,304 in the net assets reported in connection with the City of Alvin's business-type activities. Most of this decrease represents the degree to which charges for services covered expected operating expenses for the current fiscal year.

The governmental activities net assets increased by \$1,699,236 during the current fiscal year. Most of this increase represents the amount of revenues exceeded ongoing expenses.

Table - 2 - City of Alvin's Changes In Net Assets

	Governmental Activities		Business Type Activities	
	2007	2006	2007	2006
Revenues				
Program Revenues:				
Charges for Services	\$ 1,361,596	\$ 1,490,619	\$ 8,892,514	\$ 8,661,108
Operating Grants and Contributions	157,790	108,200	1,364	12,133
Capital Grants and Contributions				
General Revenues:				
Property Taxes	6,441,666	5,793,632		
Sales Taxes	5,540,205	4,311,123		
Other Taxes	1,321,208	1,279,211		
Other Revenues	719,208	458,335	446,564	200,521
Total Revenues	<u>15,541,673</u>	<u>13,441,120</u>	<u>9,340,442</u>	<u>8,873,762</u>
Expenses				
General Government	3,155,673	2,878,778		
Public Safety - Police and Fire	5,765,961	5,054,540		
Engineering and Planning	554,616	582,378		
Public Services- Streets	3,907,160	3,766,436		
Community Services	347,169	153,328		
Culture Parks and Recreation	1,222,914	1,329,498		
Interest on Long-term Debt	470,225	329,526		
Utilities- Water and Sewer			5,179,628	4,217,430
Sanitation			1,679,203	1,561,134
EMS			1,060,634	860,354
Total Expenses	<u>15,423,718</u>	<u>14,094,484</u>	<u>7,919,465</u>	<u>6,638,918</u>
Increase in Net Assets before Transfers	117,955	(653,364)	1,420,977	2,234,844
Transfers	1,581,281	1,184,047	(1,581,281)	(1,184,047)
Increase in Net Assets	1,699,236	530,683	(160,304)	1,050,797
Beginning Net Assets	33,558,899	34,347,588	14,633,500	15,931,598
Prior Period Adjustments	726,737	(1,319,372)	183,193	(2,348,895)
Ending Net Assets	<u>\$ 35,984,872</u>	<u>\$ 33,558,899</u>	<u>\$ 14,656,389</u>	<u>\$ 14,633,500</u>

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Governmental activities increased the City of Alvin's net assets by \$1,699,236. Key elements of this increase are as follows:

- While the City's property tax rate was held constant at \$.8036 per \$100 assessed value, property tax revenue increased by \$648,034 as a result of the city's rising property values, new properties, and continued effort in the collection of delinquent taxes.
- Sales tax revenue increased by \$1,229,082 as a result of new business investments within the city.
- Charges for services decreased by \$129,023 as a result of fewer business developments within the city.
- Overall expenses and revenues were consistent with prior years.

Business-type Activities

Business-type activities decreased the City of Alvin's net assets by \$160,304. Key elements of this increase are as follows:

- The Utility-Water & Sewer operations had a net loss of \$246,787.
- Sanitation had net income of \$128,211.
- EMS had an operating loss of \$41,728.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Alvin'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 of Alvin's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Alvin's governmental funds reported combined ending fund balances of \$12.7 million, an increase of \$2.0 million in comparison with the prior year. Approximately 27 percent of this total amount (\$3.5 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) for outstanding encumbrances(\$2,123,812), (2) for street improvements (\$2,856,123), (3) for construction (\$1,982,932) or (4) a variety of other restricted purposes (\$2,225,246).

The general fund is the chief operating fund of the City of Alvin. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$2.96 million, while the total fund balance was \$4.15 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 26.1 percent of total general fund expenditures.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The fund balance of the City of Alvin's general fund increased by \$495,671 during the current fiscal year. Key factors are as follows:

- \$1.3 million in expenditures over revenues; and,
- \$1.8 million in transfers and other sources.

The Capital Projects fund and the Sales Tax fund are used to report the construction activities of the City. Ending fund balances in these funds increased \$1,446,137 to a total of \$6,886,260. This increase is due to sales tax revenue and the issuance of debt in excess of project expenditures.

The debt service fund which is included in other governmental funds has a total fund balance of \$346,983, all of which is reserved for the payment of debt service. The net increased in fund balance during the current fiscal year in the debt service fund was \$21,324. Principal payments made during the year were \$774,473 and interest expenditures \$390,175.

Proprietary Funds

The City of Alvin proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net assets amounted to \$4.63 million. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Alvin's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor (\$26,000 increase in revenues and a \$394,911 increase in appropriations). The difference can be briefly summarized as follows:

- \$100,939 increase for general government for due to increased legal costs, roof repairs at city hall, and a Fire ISO study to increase the City's insurance rating..
- \$289,787 increase in public safety for unanticipated salaries and overtime.

Actual revenue in the General Fund exceeded budgeted amounts by \$336,267 higher than expected sales tax collections and investment earnings. Actual expenditures were less than budgeted amounts primarily due to finance, economic development and public safety expenditures less than anticipated.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets

The City of Alvin's investment in capital assets for its governmental and business type activities as of September 30, 2007, amounts to million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges.

Table - 3 - City of Alvin's Capital Assets

	Governmental 2007	Activities 2006	Business Type 2007	Activities 2006
Land	\$ 3,122,123	\$ 3,122,123	\$ 1,441,367	\$ 1,441,367
Buildings	9,379,464	9,048,196	6,162,457	6,162,457
Improvements other than buildings	3,159,592	3,925,534	2,647,487	2,647,487
Infrastructure	29,596,721	28,830,779	37,231,802	37,122,481
Machinery and equipment	8,934,631	9,057,673	1,004,368	994,421
Construction in Progress	1,666,996	989,334	1,382,609	1,021,928
Total Capital Assets	55,859,527	54,973,639	49,870,090	49,390,141
Less Accumulated Depreciation	(22,798,569)	(21,559,405)	(22,717,431)	(21,204,508)
Total Capital Assets net of Depreciation	\$ 33,060,958	\$ 33,414,234	\$ 27,152,659	\$ 28,185,633

Additional information on the City of Alvin's capital assets can be found in Note 6 pages 47 through 49 of this report.

Long-term Debt

At the end of the current fiscal year, the City of Alvin had total long-term debt outstanding of million. Of this amount, million comprises bonds and certificates of obligation backed by the full faith and credit of the government and million is future liability for compensated absences. The million of the City of Alvin's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds and long-term contracts).

Table - 4 - City of Alvin's Long-Term Debt

	Governmental 2007	Activities 2006	Business Type 2007	Activities 2006
Bonded Debt	\$ 7,289,657	\$ 7,165,594	\$ 5,997,318	\$ 7,190,821
Certificate of Obligations	3,020,064	3,047,344	4,824,936	4,897,657
Revenue Bonds			12,025,000	12,160,000
Capital Leases	265,107	84,675	13,697	34,666
Compensated Absences	1,069,178	889,248	108,702	82,086
Total Long-term Debt	\$ 11,644,006	\$ 11,186,861	\$ 22,969,653	\$ 24,365,230

During the current fiscal year, the city issued \$835,000 in certificates of obligation and \$231,652 in capital leases.

Standard & Poor's, and Moody's underlying ratings of the City's obligations are as follows:

Standard and Poor's "A"

Moody's "A2"

Additional information on the City of Alvin's Long-term Debt can be found in Note 7 pages 50 through 55 of this report.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Alvin area is currently 8.2 percent, up from 7.3 percent a year ago.

Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Alvin's budget for the 2007-2008 fiscal years.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2.9 million. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2008 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Alvin's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Suzy Kou, Director of Finance, 216 West Sealy, Alvin, Texas 77511.

Basic Financial Statements

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CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
September 30, 2007

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 10,920,915	\$ 7,865,131	\$ 18,786,046
Investments	2,232,564	500,310	2,732,874
Receivables net of allowance for uncollectibles	1,921,077	1,399,203	3,320,280
Other receivables	57,482	6,834	64,316
Internal balances	21,198	(21,198)	
Inventories	54,481	41,462	95,943
Other assets	32,616	5,477	38,093
Deferred charges	208,190	599,475	807,665
Restricted assets:			
Temporarily restricted- cash and cash equivalents		1,662,899	1,662,899
Permanently restricted- cash and cash equivalents	50,000		50,000
Capital Assets:			
Land and improvements not being depreciated	3,122,123	1,441,367	4,563,490
Infrastructure	29,596,721	37,231,802	66,828,523
Buildings	9,379,464	6,162,457	15,541,921
Equipment and furniture	8,934,631	1,004,368	9,938,999
Other capital assets	3,159,592	2,647,487	5,807,079
Construction in progress	1,666,996	1,382,609	3,049,605
Total Capital Assets	55,859,527	49,870,090	105,729,617
Accumulated Depreciation	(22,798,569)	(22,717,431)	(45,516,000)
Total Capital Assets, net of depreciation	33,060,958	27,152,659	60,213,617
Total Assets	48,559,481	39,212,252	87,771,733
Liabilities			
Accounts payable and accrued expenses	446,576	239,506	686,082
Accrued liabilities	338,627	948,581	1,287,208
Unearned Revenues	1,280		1,280
Long-term liabilities:			
Due within one year:			
Bonds	1,028,327	1,571,673	2,600,000
Capital leases	82,101	13,697	95,798
Accrued interest	144,120	398,123	542,243
Compensated absences	712,785	72,468	785,253
Due in more than one year:			
Bonds	9,281,394	21,275,581	30,556,975
Capital leases	183,006		183,006
Compensated absences	356,393	36,234	392,627
Total Liabilities	12,574,609	24,555,863	37,130,472
Net Assets			
Invested in capital assets, net of related debt	26,711,260	9,185,334	35,896,594
Restricted for:			
Perpetual care:			
Expendable	397,964		397,964
Nonexpendable	50,000		50,000
Public safety	176,541		176,541
Debt service	325,671	845,723	1,171,394
Streets, drainage and other projects	3,235,263		3,235,263
Unrestricted	5,088,173	4,625,332	9,713,505
Total Net Assets	\$ 35,984,872	\$ 14,656,389	\$ 50,641,261

CITY OF ALVIN, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government			
Governmental Activities			
General Government	\$ 3,155,673	\$ 37,029	\$ 42,583
Public Safety	5,765,961	735,677	54,644
Engineering and Planning	554,616	401,661	
Public Services	3,907,160		28,000
Community Services	347,169		32,563
Culture, Parks and Recreation	1,222,914	187,229	
Interest on Long-term Debt	470,225		
Total Governmental Activities	<u>15,423,718</u>	<u>1,361,596</u>	<u>157,790</u>
Business-type Activities			
Utility Fund- Water and Sewer	5,179,628	5,771,303	
Sanitation	1,679,203	1,995,110	231
EMS	1,060,634	1,126,101	1,133
Total Business-type Activities	<u>7,919,465</u>	<u>8,892,514</u>	<u>1,364</u>
Total Primary Government	<u>\$ 23,343,183</u>	<u>\$ 10,254,110</u>	<u>\$ 159,154</u>

General Revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Sales taxes
- Franchise taxes, hotel taxes, beverage and other taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustments

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (3,076,061)	\$	\$ (3,076,061)
(4,975,640)		(4,975,640)
(152,955)		(152,955)
(3,879,160)		(3,879,160)
(314,606)		(314,606)
(1,035,685)		(1,035,685)
(470,225)		(470,225)
<u>(13,904,332)</u>		<u>(13,904,332)</u>
	591,675	591,675
	316,138	316,138
	66,600	66,600
	<u>974,413</u>	<u>974,413</u>
<u>(13,904,332)</u>	<u>974,413</u>	<u>(12,929,919)</u>
5,459,967		5,459,967
981,699		981,699
5,540,205		5,540,205
1,321,208		1,321,208
674,853	440,689	1,115,542
44,355	5,875	50,230
<u>1,581,281</u>	<u>(1,581,281)</u>	
<u>15,603,568</u>	<u>(1,134,717)</u>	<u>14,468,851</u>
1,699,236	(160,304)	1,538,932
33,558,899	14,633,500	48,192,399
726,737	183,193	909,930
<u>\$ 35,984,872</u>	<u>\$ 14,656,389</u>	<u>\$ 50,641,261</u>

CITY OF ALVIN, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
September 30, 2007

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Bond Capital Projects	Sales Tax		
Assets						
Cash and cash equivalents	\$ 3,649,836	\$ 349,292	\$ 3,819,740	\$ 1,010,961	\$ 1,210,010	\$ 10,039,839
Investments	225,897		1,706,622			1,932,519
Receivables:						
Delinquent property taxes	594,582	149,085				743,667
Allowance for uncollectible taxes	(101,319)	(26,277)				(127,596)
Sales taxes	316,514			633,029		949,543
Other	356,208	1,927	11,900		35,345	405,380
Prepaid items	32,616					32,616
Due from other funds	12,240		24,238			36,478
Inventories - at cost	621					621
Restricted cash					50,000	50,000
Total Assets	\$ 5,087,195	\$ 474,027	\$ 5,562,500	\$ 1,643,990	\$ 1,295,355	\$ 14,063,067
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 103,287	\$ 4,236	\$ 292,406	\$ 27,824	\$ 11,432	\$ 439,185
Accrued expenses	23,211					23,211
Accrued payroll	241,721				862	242,583
Deferred revenue	494,542	122,808				617,350
Due to others	63,284				1,576	64,860
Due to other funds	15,280					15,280
Total Liabilities	941,325	127,044	292,406	27,824	13,870	1,402,469
Fund Balances:						
Reserved for:						
Encumbrances	62,972		2,034,008	13,197	13,635	2,123,812
Inventories	620					620
Prepaid expenditures	32,616					32,616
Debt service		346,983				346,983
Law enforcement and courts					176,541	176,541
Street improvements			1,253,154	1,602,969		2,856,123
Construction			1,982,932			1,982,932
Other	1,088,205				530,281	1,618,486
Perpetual care					50,000	50,000
Unreserved						
Unreserved and Undesignated:						
General fund	2,961,457					2,961,457
Special revenue funds					113,064	113,064
Permanent fund					397,964	397,964
Total Fund Balances	4,145,870	346,983	5,270,094	1,616,166	1,281,485	12,660,598
Total Liabilities and Fund Balances	\$ 5,087,195	\$ 474,027	\$ 5,562,500	\$ 1,643,990	\$ 1,295,355	\$ 14,063,067

CITY OF ALVIN, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS***September 30, 2007***Total Fund Balance, Governmental Funds** \$ 12,660,598

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.

Capital Assets total	\$ 53,102,110	
Accumulated Depreciation	<u>(21,062,719)</u>	
Net assets adjustment to increase governmental fund balance to reconcile to government-wide net assets	<u>\$ 32,039,391</u>	32,039,391

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

2,227,775

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets.

General obligation bonds payable	\$ 10,309,721	
Capital leases	265,107	
Compensated absences	<u>1,048,205</u>	
Net adjustment to reduce fund balance-total government funds to arrive at net assets-governmental activities	<u>\$ 11,623,033</u>	(11,623,033)

Accrued interest on debt is not included in Fund Financial Statements (144,120)

Deferred revenues not recognized in the Statement of Net Assets 616,071

Unamortized bond issuance costs, premiums and losses on refunding bonds, in Statement of Net Assets not in Fund Financials

208,190

Net Assets of Governmental Activities in the Statement of Net Assets \$ 35,984,872

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	Major Funds					Total Governmental Funds
	General	Debt Service	Bond Capital Projects	Sales Tax Capital Projects	Other Governmental Funds	
Revenues						
Property taxes and penalties	\$ 5,246,352	\$ 1,168,819	\$	\$	\$	\$ 6,415,171
Grant Proceeds					32,563	32,563
Sales taxes	1,782,764			3,564,464		5,347,228
Franchise fees and taxes	1,254,012					1,254,012
Hotel/motel tax					192,977	192,977
Other taxes	19,210					19,210
Licenses and permits	325,191					325,191
Fines and forfeitures	437,085					437,085
Intergovernmental revenues					3,731	3,731
Interest	313,567	17,153	184,036	43,883	61,568	620,207
Other revenues	622,441				134,517	756,958
Total Revenues	<u>10,000,622</u>	<u>1,185,972</u>	<u>184,036</u>	<u>3,608,347</u>	<u>425,356</u>	<u>15,404,333</u>
Expenditures						
Current:						
General government	3,018,334				866	3,019,200
Public safety	4,901,231				31,058	4,932,289
Engineering and planning	489,331					489,331
Public services	1,488,929		1,050,146	330,040	1,581	2,870,696
Community services					158,160	158,160
Culture, parks and recreation	909,294				41,551	950,845
Library	91,870				3,016	94,886
Capital Outlay	449,841		981,457		72,681	1,503,979
Debt Service:						
Principal retirement		774,473			27,280	801,753
Interest and fiscal charges		382,207	32,918		7,683	422,808
Other		7,968				7,968
Total Expenditures	<u>11,348,830</u>	<u>1,164,648</u>	<u>2,064,521</u>	<u>330,040</u>	<u>343,876</u>	<u>15,251,915</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,348,208)</u>	<u>21,324</u>	<u>(1,880,485)</u>	<u>3,278,307</u>	<u>81,480</u>	<u>152,418</u>
Other Financing Sources (Uses):						
Issuance of debt	231,652		835,000			1,066,652
Sale of capital assets	22,916					22,916
Transfers in	2,132,509		2,612,009			4,744,518
Transfers out	(543,198)		(56,542)	(3,342,152)	(20,708)	(3,962,600)
Total Other Financing Sources (Uses)	<u>1,843,879</u>		<u>3,390,467</u>	<u>(3,342,152)</u>	<u>(20,708)</u>	<u>1,871,486</u>
Net change in Fund Balances	<u>495,671</u>	<u>21,324</u>	<u>1,509,982</u>	<u>(63,845)</u>	<u>60,772</u>	<u>2,023,904</u>
Fund Balances - Beginning	3,286,512	325,659	3,760,112	1,044,208	1,186,743	9,603,234
Prior period adjustment	363,687			635,803	33,970	1,033,460
Fund Balances - Beginning (As restated)	<u>3,650,199</u>	<u>325,659</u>	<u>3,760,112</u>	<u>1,680,011</u>	<u>1,220,713</u>	<u>10,636,694</u>
Fund Balances - Ending	<u>\$ 4,145,870</u>	<u>\$ 346,983</u>	<u>\$ 5,270,094</u>	<u>\$ 1,616,166</u>	<u>\$ 1,281,485</u>	<u>\$ 12,660,598</u>

CITY OF ALVIN, TEXAS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2007**

Net Change in Fund Balances - Total Governmental Funds: \$ 2,023,904

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital expenditures moved to Capital Outlays	\$ 1,503,979	
Depreciation expense recorded for the year	<u>(1,518,620)</u>	
Net adjustment to increase net changes in governmental fund balance to arrive at changes in net assets of governmental activities	<u>\$ (14,641)</u>	(14,641)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Property taxes net adjustment to the accrual basis		31,778
--	--	--------

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) is reported with governmental activities.

		158,821
--	--	---------

Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Principal payments on long-term debt	\$ 723,253	
Lease principal payments	<u>78,500</u>	
Net adjustment added back to governmental fund balance to arrive at changes in net assets of governmental activities	<u>\$ 801,753</u>	801,753

Proceeds from bonds issued increase long term liabilities in the Statement of Net Assets but are considered other sources in the Fund Financial Statements (1,066,652)

Issuance costs, refunding losses and change due to refunding bonds are recorded in the Statement of Net Assets but for Fund Financials the amounts are recorded as other sources and uses 32,918

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Book value of disposed assets		(23,670)
Change in accrued interest not reflected on Governmental funds		(36,878)
Compensated absences		(172,608)

Amortization of issuance cost, premiums and refunding losses not recorded in Fund Financial Statements but recorded in the Statement of Activities (35,489)

Change in Net Assets of Governmental Activities \$ 1,699,236

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

Business-type Activities - Enterprise Funds				
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Assets				
Current Assets:				
Cash and cash equivalents	\$ 7,239,920	\$ 396,270	\$ 228,941	\$ 7,865,131
Investments	250,318	249,992		500,310
Accounts receivable	672,530	306,476	1,405,101	2,384,107
Allowance for uncollectible accounts	(40,406)	(18,081)	(983,571)	(1,042,058)
Other receivables	404		58,063	58,467
Accrued interest receivable	5,423	98		5,521
Due from other funds	3,000			3,000
Inventory	41,462			41,462
Total Current Assets	8,172,651	934,755	708,534	9,815,940
Non-current Assets:				
Restricted Assets:				
Construction	716,691			716,691
Current portion of revenue bonds	845,723			845,723
Customer deposits	100,485			100,485
Total Restricted Assets	1,662,899			1,662,899
Prepaid expenses	5,477			5,477
Deferred charges	595,401	4,074		599,475
Capital Assets:				
Land	937,829	503,538		1,441,367
Buildings	5,523,533	80,501	558,423	6,162,457
Improvements		2,610,608	36,879	2,647,487
Infrastructure	37,216,460	15,342		37,231,802
Equipment	835,790		168,578	1,004,368
Construction in progress	1,382,609			1,382,609
	45,896,221	3,209,989	763,880	49,870,090
Less allowance for depreciation	(20,908,718)	(1,407,052)	(401,661)	(22,717,431)
	24,987,503	1,802,937	362,219	27,152,659
Total Non-current Assets	27,251,280	1,807,011	362,219	29,420,510
Total Assets	\$ 35,423,931	\$ 2,741,766	\$ 1,070,753	\$ 39,236,450

**Governmental
Activities -**

**Internal
Service
Funds**

\$ 881,076
300,045

7,565
11,444
53,860

1,253,990

7,754

2,749,663

2,757,417

(1,735,850)

1,021,567

1,021,567

\$ 2,275,557

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2007

Business-type Activities - Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable	\$ 97,864	\$ 134,893	\$ 9,104	\$ 241,861
Compensated absences	53,465		19,003	72,468
Accrued salaries payable	34,957		20,500	55,457
Accrued expenses payable	2,878	9,838	2,518	15,234
Accrued interest payable	398,089	2,299		400,388
Bonds and notes - current	1,221,533	15,140		1,236,673
Revenue bonds payable-current	335,000			335,000
Capital leases payable- current	12,754		943	13,697
Due to other funds	24,198			24,198
Total Current Liabilities	2,180,738	162,170	52,068	2,394,976
NonCurrent Liabilities:				
Compensated absences	26,733		9,501	36,234
Customer deposits	871,395	1,875		873,270
Capital lease payable				
Bonds payable	9,236,414	224,167		9,460,581
Revenue bonds payable	11,815,000			11,815,000
Total Long-term Liabilities	21,949,542	226,042	9,501	22,185,085
Total Liabilities	24,130,280	388,212	61,569	24,580,061
Net Assets:				
Invested in capital assets, net of related debt	7,260,428	1,563,630	361,276	9,185,334
Restricted for debt service	845,723			845,723
Unrestricted net assets	3,187,500	789,924	647,908	4,625,332
Total Net Assets	11,293,651	2,353,554	1,009,184	14,656,389
Total Liabilities and Net Assets	\$ 35,423,931	\$ 2,741,766	\$ 1,070,753	\$ 39,236,450

**Governmental
Activities -**

**Internal
Service
Funds**

\$ 7,679
20,973
7,686

11,444
47,782

47,782

1,021,567
1,206,208
2,227,775
\$ 2,275,557

CITY OF ALVIN, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Funds			Totals
	Water and Sewer	Sanitation	Emergency Medical Services	
Operating Revenues				
Water and sewer service	\$ 5,777,083	\$	\$	\$ 5,777,083
Sanitation service		1,995,341		1,995,341
Emergency medical service			1,127,234	1,127,234
Charges for services				
Total Operating Revenues	<u>5,777,083</u>	<u>1,995,341</u>	<u>1,127,234</u>	<u>8,899,658</u>
Operating Expenses				
Personnel services	1,114,609		650,863	1,765,472
Supplies	398,563		104,303	502,866
Contractual services	1,264,359	1,601,361	182,122	3,047,842
Insurance	208,976			208,976
Bad Debt expense			92,341	92,341
Depreciation	1,156,563	67,921	30,901	1,255,385
Total Operating Expenses	<u>4,143,070</u>	<u>1,669,282</u>	<u>1,060,530</u>	<u>6,872,882</u>
Operating Income	<u>1,634,013</u>	<u>326,059</u>	<u>66,704</u>	<u>2,026,776</u>
Non-Operating Revenues (Expenses)				
Interest revenues	413,112	15,162	12,415	440,689
Interest expense - debt service	(1,036,558)	(9,921)	(104)	(1,046,583)
Gain (loss) on capital assets	95			95
Grant proceeds				
Insurance proceeds				
Total Non-operating Revenues (Expenses)	<u>(623,351)</u>	<u>5,241</u>	<u>12,311</u>	<u>(605,799)</u>
Net Income (Loss) Before Transfers	<u>1,010,662</u>	<u>331,300</u>	<u>79,015</u>	<u>1,420,977</u>
Contributions of Capital Assets and Transfers In (Out)				
Transfers in	359,192			359,192
Transfers out	(1,616,641)	(203,089)	(120,743)	(1,940,473)
Total Transfers	<u>(1,257,449)</u>	<u>(203,089)</u>	<u>(120,743)</u>	<u>(1,581,281)</u>
Net Income (Loss)	<u>(246,787)</u>	<u>128,211</u>	<u>(41,728)</u>	<u>(160,304)</u>
Net Assets - Beginning	11,506,883	2,117,515	1,026,952	14,651,350
Prior period adjustment	33,555	107,828	23,960	165,343
Net Assets - Beginning (As restated)	<u>11,540,438</u>	<u>2,225,343</u>	<u>1,050,912</u>	<u>14,816,693</u>
Net Assets - Ending	<u>\$ 11,293,651</u>	<u>\$ 2,353,554</u>	<u>\$ 1,009,184</u>	<u>\$ 14,656,389</u>

**Governmental
Activities -**

**Internal
Service
Funds**

\$

264
264

193,299
127,250
138,616

285,913
745,078

(744,814)

54,646

(2,217)
28,000
23,843
104,272

(640,542)

803,292
(3,929)
799,363

158,821

1,977,504
91,450
2,068,954

\$ 2,227,775

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 5,864,095	\$ 1,928,446	\$ 1,122,628	\$ 8,915,169
Receipts from interfund services provided				
Payments to suppliers	(1,929,722)	(1,711,325)	(378,758)	(4,019,805)
Payments to employees	(1,094,512)		(642,046)	(1,736,558)
Net Cash Provided (Used) by Operating Activities	2,839,861	217,121	101,824	3,158,806
Cash Flows from Non-capital Financing Activities				
Transfers from other funds	359,192			359,192
Advances from/to other funds				
Transfers to other funds	(1,616,549)	(203,089)	(120,743)	(1,940,381)
Net Cash Provided (Used) by Non-capital Financing Activities	(1,257,357)	(203,089)	(120,743)	(1,581,189)
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of assets	18,590			18,590
Acquisition and construction of capital assets	(522,884)			(522,884)
Principal payments on long-term debt	(1,407,397)	(13,349)	(1,447)	(1,422,193)
Interest payments on long-term debt	(892,592)	(9,993)	(104)	(902,689)
Grant Proceeds				
Insurance proceeds				
Net Cash (Used) by Capital and Related Financing Activities	(2,804,283)	(23,342)	(1,551)	(2,829,176)
Cash Flows from Investing Activities				
Proceeds from sale of investments				
Purchase of investments	249,452	(50,492)		198,960
Interest on investments	421,454	15,120	12,415	448,989
Net Cash Provided (Used) by Investing Activities	670,906	(35,372)	12,415	647,949
Net Increase in Cash and Cash Equivalents	(550,873)	(44,682)	(8,055)	(603,610)
Cash and cash equivalents, beginning of year	9,453,692	440,952	236,996	10,131,640
Cash and Cash Equivalents, End of Year	\$ 8,902,819	\$ 396,270	\$ 228,941	\$ 9,528,030
Cash and Cash Equivalents, End of Year:				
Unrestricted cash	\$ 7,239,920	\$ 396,270	\$ 228,941	\$ 7,865,131
Restricted cash	1,662,899			1,662,899
	\$ 8,902,819	\$ 396,270	\$ 228,941	\$ 9,528,030

**Governmental
Activities -**

**Internal
Service
Funds**

\$
264
(280,875)
(185,977)

(466,588)

799,362

799,362

27,972
(308,004)

28,000
23,843

(228,189)

(198)

54,477
54,279

158,864

722,212
\$ 881,076

\$ 881,076

\$ 881,076

CITY OF ALVIN, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2007

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Cash Flows from Operating Activities				
Operating income	\$ 1,634,013	\$ 326,059	\$ 66,704	\$ 2,026,776
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and amortization	1,156,563	67,921	30,901	1,255,385
Changes in Assets and Liabilities:				
(Increase) Decrease in accounts receivable	24,889	(66,895)	117,344	75,338
(Increase) Decrease in other receivables	367		(29,609)	(29,242)
(Increase) Decrease in inventories	25,027			25,027
Increase (Decrease) in accounts payable	(94,373)	(110,865)	(92,746)	(297,984)
Increase (Decrease) in compensated absences	19,240		7,376	26,616
Increase (Decrease) in accrued salaries	857		1,441	2,298
Increase (Decrease) in accrued liabilities	11,522	901	413	12,836
Increase (Decrease) in customer deposits	61,756			61,756
Net Cash Provided (Used) by Operating Activities	\$ 2,839,861	\$ 217,121	\$ 101,824	\$ 3,158,806

**Governmental
Activities -**

**Internal
Service
Funds**

\$ (744,814)

285,913

4,651

(20,525)

7,322

865

\$ (466,588)

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies

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. The City operates under a "Council-Manager" form of government and provides services authorized by its charter. Presently, these services include police and fire protection, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens and general administrative services.

The financial statements of the City of Alvin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

A. Reporting Entity

The City is an independent political subdivision of the State of Texas, governed by a Mayor and an elected seven member council, and is considered a primary government. As required by generally accepted accounting principles, the 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. No other entities, organizations or functions have been included in the City's financial 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. Additional prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

In September 1993, GASB issued Statement No. 29, "Accounting and Financial Reporting for Proprietary funds and Other Governmental Entities That Use Proprietary Fund Accounting" which are effective for the City's financial statements for the year ending September 30, 2003. This statement provides guidance on accounting and financial reporting for business type and enterprise fund activities. The City has elected alternative number one (1) from those provided by this standard. This alternative method elects to apply all GASB pronouncements as well as FASB pronouncements that were issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating 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, for water and sewer fund, sanitation and EMS are charges to customers for sales and services. The Internal Service Fund charges the various departments of the City for services. Operating expenses for the enterprise funds and the internal service funds include costs of sales and services, administrative expenses and depreciation on capital assets in providing the sales and services to the customers. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. 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 government 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 are recorded only when payment is due.

Property taxes, franchise taxes, license and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

D. Fund Financial Statement Presentation

The government reports the following major governmental funds:

General Fund

The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise fees, permit fees and fines and forfeitures. Expenditures are for general government, finance, public safety, public works, culture parks maintenance and recreation, planning, community services and engineering.

Bond Capital Projects Fund

The Capital Projects Fund is used to account for the proceeds from the sale of general obligation bonds and expenditure of these proceeds for the acquisition or construction of fixed assets as designated in each bond issue or as authorized by Council. The primary sources of revenues are primarily proceeds of general obligation debt and transfers from other funds.

Sales Tax –Capital Projects Fund

The Sales Tax Street Improvement Fund is used to account for a portion of the Sales taxes received that Council has designated to be used for street projects, to support the streets and provide engineering and maintenance support of streets. The primary sources of revenues are primarily sales taxes received by the City.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

D. Fund Financial Statement Presentation (Continued)

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all general obligation debts of the City. The primary source of revenue for debt service is property taxes.

The following Funds are aggregated as other governmental fund, (nonmajor funds) in a single column of the fund financial statements:

Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for special purposes. Special revenue funds include State of Texas and Federal grants as well as Hotel/Motel tax revenues.

Permanent Fund

The Permanent Fund is used to account for the handling and maintaining of the City's Cemetery.

The government reports the following major proprietary funds:

Utility Fund – Water and Sewer Fund

The fund is used to account for operations of the public utilities (water and sewer) services of the City.

Sanitation Fund

The fund is used to account for operations of solid waste collection and disposal services for residents of the City.

The following fund is considered a proprietary non-major fund and is reported in other proprietary fund column of the fund financial statements:

Emergency Medical Services

The fund is used to account for operations of the emergency medical services for residents of the City and the surrounding area.

Additionally, the City also reports the following fund types:

Internal Service Funds

The Internal Service Funds are used to account for the operations of the City's Central Shop which provides maintenance, and the Vehicle Replacement, which provides replacement of the City's vehicles and large equipment. The revenues will be from user charges to the various departments based on vehicle usage.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

E. Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Sixty days prior to September 30 year end, the City Manager submits to the City Council a proposed operating budget. The original budget is adopted by the City Council prior to the beginning of the fiscal year. The final amended budget is used in this report. The operating budget includes proposed expenditures and the means of financing them. The budget is approved at the department level.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to September 15, the budget is legally enacted through passage of an ordinance.
4. Responsibility is assigned to each department head for maintaining expenditures within each object class account. Department heads are responsible for recommending transfers within the departments. Approval from the City Manager is necessary to complete the process.
5. Supplemental appropriation and budget adjustments to capital outlay object classes should be approved by the City Council.
6. All supplemental appropriations should be approved by the City Council.
7. Formal budgetary procedures are employed as a management control device for the General Fund, certain Special Revenue Funds, Debt Service Fund, certain Capital Projects Funds and Enterprise Funds.
8. Budgets for the following funds are adopted on a basis consistent with generally accepted accounting principles:
 - General
 - Capital Projects:
 - Sales Tax – Capital Projects Fund
 - Bond Capital Projects Fund
 - Debt Service
 - Special Revenue:
 - Hotel/Motel Tax Fund
 - Special Investigation
 - Hike and Bike Trails
 - Library Fund
 - Municipal Court Building Security
 - Municipal Court Technology
 - Recycling Grant
 - Permanent Fund- Cemetery
 - Donations Special Revenue Fund

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

E. Budgets (Continued)

The City does not budget all the Special Revenue Funds; accordingly, the applicable columns of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, exclude amounts relating to the unbudgeted funds.

Budgeted amounts are stated as originally adopted or as amended during the year by the City Council and City Manager.

9. Appropriations lapse at year end.

Budgets are adopted for all funds annually. Annual budgets are adopted for the General, certain Special Revenue, Debt Service, Enterprise and Internal Service Funds. The City adopts project budgets for Capital Projects Funds, which are revised annually.

These budgets are created by ordinance and include all sources and uses of funds as approved by Council. All annual budgets are prepared on a budgetary basis that is the same as GAAP.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplementary budgetary appropriations, which were not considered material, throughout the year.

For the year ended September 30, 2007, expenditures exceeded appropriations in the following departments of the general fund.

Capital Outlay	\$227,026
----------------	-----------

Encumbrance accounting is utilized in all governmental fund types. Any encumbered appropriation lapse at year end must be re-appropriated in the following year. Encumbrances for materials, other goods and purchased services are documented by purchase orders or contracts. Encumbrances outstanding at year-end do not constitute expenditures or liabilities under GAAP. The City honors these commitments and records GAAP expenditures in the subsequent year as the transactions are completed. At year-end, the City reserved a portion of fund balance for outstanding encumbrances of \$62,972 in the General Fund, \$2,034,008 in the Capital Projects Fund, \$838 in the Hotel/Motel Fund, \$11,347 in the Special Investigation Fund, \$13,197 in the Sales Tax Fund and \$1,450 in the Donation fund..

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

F. Cash and Temporary Investments

Cash and temporary investments consist of amounts in a demand account, money market mutual fund, petty cash funds, United States Government Securities and the Texas Local Government Investment Pool (TexPool). TexPool is an external investment pool established by interlocal contracts under state law. Investments and securities are booked at cost and amortized monthly to reach par at maturity. Investments are generally held to maturity.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. The City pools excess cash of the various individual funds to purchase investments. These pooled investments are reported in the combined balance sheet as investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund monthly based on its respective share of pooled investments.

All investments are stated at fair value based on published market rates. The City holds all investments until maturity date. The City also maintains investments in a state supported governmental investment pool which amounts are stated at fair value.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as "Cash" in the financial statements. Negative equity balances have been reclassified and are reflected as an interfund payable. Interest income and interest expense are allocated to each respective individual fund, monthly, based on their respective fund balances.

G. Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the City considers all investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

H. Receivables

In the propriety funds, the City records certain revenues billed to other governmental agencies, residents and others on a monthly basis. Adjustments to revenue are made for uncollectible accounts as determined by management. At September 30, 2007, an allowance of \$1,169,654 was provided for possible adjustments for uncollectible accounts.

I. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the Government-wide Statement of Net Assets and are classified as "due from other funds" or "due to other funds" in the fund financial statements. Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

J. Inventory

Inventories are recorded in the General, Capital Projects and Enterprise Funds, and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures.

K. Fund Equity

In the fund financial statements of the governmental funds, the City reserves or designates all or portions of fund equity in the various governmental fund financial statements. Reserves of fund equity represent those portions of fund equity not appropriable for expenditure or legally restricted by outside parties for use for a specific purpose. Designations of fund equity represent tentative plans for future use of financial resources.

L. Compensated Absences

The City records vacation as it accrues up to a maximum of 240 hours for all employees after October 1, 1998. Employees hired prior to October 1, 1998, are allowed to carry over vacation time (old vacation) accumulated prior to October 1, 1998, plus vacation accumulated after October 1, 1998 up to the maximum of 240 hours plus the old vacation time. The City adopted a policy to accrue sick pay based on employment date of the employee. For employees hired prior to October 2, 1998, the City accrues sick pay at a rate of one day's pay for every two days of accrued sick leave up to a maximum of 360 hours for employees who had not accrued more than 720 hours as of October 2, 1998. For employees as of October 2, 1998, who had more than 720 hours of accrued sick time, the City would pay fifty percent of the accumulated sick hours upon termination of employment with the City. For employees hired after October 2, 1998, the City will not pay out accumulated sick leave upon termination. For these employees the sick leave can only be used for sick time.

For the governmental funds, accumulated compensated absences, are normally paid from the general fund and is treated as expenditure when paid. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

M. Use of Estimates

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

N. Comparative Data

Comparative data for prior years has not been presented due to the implementation of Governmental Accounting Standards Board Statement No. 34 – *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Prior years' data has not been restated.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

O. 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. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest cost on governmental activities construction projects are not capitalized.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	40
Vehicles	5
Infrastructure	50
Equipment	10
Water and sewer system	40
Sanitation system-Disposal plant	20

P. Long-term Obligations

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts and bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary Of Significant Accounting Policies (Continued)

Q. Indirect Expense Allocations

It is the policy of the City not to allocate indirect expenses to the various functions in the Government-wide Statement of Activities.

R. Restricted Resources

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

S. Tax Administration

The City is a Home Rule Charter City with a maximum tax rate for all purposes of \$2.50 per \$100 assessed valuation. This maximum tax rate is imposed both by the Constitution of the State of Texas and the City Charter. Within this \$2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service. All taxes due to the City on real or personal property are collected by the Brazoria County Tax Assessor-Collector and may be paid at any time after the tax rolls have been completed and approved, which is not later than October 1. Current taxes become delinquent on February 1 following the tax year. There are various penalties for delinquent taxes ranging from 7.0% in February and increasing to a maximum of 23.0%. There are no discounts allowed on taxes. The procedure for collecting delinquent taxes is to refer to a collection attorney after sending two delinquent notices and a letter. All properties located within the City limits on January 1 of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

T. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures or expenses, if they involved organizations external to the governmental unit, are accounted for as revenues, expenditures or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly attributable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Note 2 - Cash And Temporary Investments

Cash and Cash Equivalents

Cash and cash equivalents for reporting cash flows include all highly liquid investments with a maturity of three months or less from the date of purchase.

At September 30, 2007, the City cash balances were primarily held by one local financial institution and by the Texas Treasury Safekeeping Trust Company (TexPool) administered by the Texas State Treasurer.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash And Temporary Investments (Continued)

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 deposit policy requires collateral pledged for all bank deposits at 100% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the “City's agent”).

Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year end are representative of the types of deposits maintained by the City during the year.

The City's deposits at year-end were entirely covered by federal depository insurance or by acceptable pledged collateral held by the City's agent in the City’s name in accordance to state law. As of September 30, 2007, none of the City’s deposits were exposed to custodial credit risk.

Investments

Under provisions of state and local statutes, the City's investment policy and provisions of the City's depository contract, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U. S., its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies.
3. Other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies and instrumentalities.
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to the investment quality by a nationally recognized investment firm and having received a rating of not less than A or its equivalent.
5. Certificates of Deposit issued by state and national banks or savings and loan associations domiciled in this state that are:
 - -guaranteed or insured by the Federal Deposit Insurance Corporation; or
 - -secured by obligations that are described in 1-4 above, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities that have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the investing entities.

Credit Risk

The City’s general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The investment decision has to be in accordance to the City’s investment policy.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash And Temporary Investments (Continued)

Deposits and Investment Accounts

At year-end the City recorded cash on hand, demand deposits, certificates of deposit, balances in privately managed public funds investment pools, money market mutual funds and investments stated at fair value of \$23.2 million.

The following schedule shows the City's recorded cash and investments at year-end:

	Cash and Cash Equivalents					Total Cash and Investments
	Cash Bank Deposits	Public Funds Investment Pools	Money Market	Total	Investment Securities	
General	\$ (2,473,821)	\$ 5,859,887	\$ 263,770	\$ 3,649,836	\$ 225,897	\$ 3,875,733
Debt Service	349,292			349,292		349,292
Capital Projects	931,877	2,887,863		3,819,740	1,706,622	5,526,362
Sales Tax Capital Projects	412,344	598,617		1,010,961		1,010,961
Special Revenue Funds	63,025	749,021		812,046		812,046
Permanent Funds	(10,447)	458,411		447,964		447,964
Total Governmental Funds	<u>(727,730)</u>	<u>10,553,799</u>	<u>263,770</u>	<u>10,089,839</u>	<u>1,932,519</u>	<u>12,022,358</u>
Internal Service Funds	134,811	746,265		881,076	300,045	1,181,121
Total Governmental Activities	<u>(592,919)</u>	<u>11,300,064</u>	<u>263,770</u>	<u>10,970,915</u>	<u>2,232,564</u>	<u>13,203,479</u>
Enterprise	1,478,998	8,049,032		9,528,030	500,310	10,028,340
Total	<u>\$ 886,079</u>	<u>\$ 19,349,096</u>	<u>\$ 263,770</u>	<u>\$ 20,498,945</u>	<u>\$ 2,732,874</u>	<u>\$ 23,231,819</u>

Quoted market prices are the basis of the fair value for US Agency securities and commercial paper. The amount of increase or decrease in the fair value of investments during the current year is included in the City's investment income as follows:

Interest Income	\$ 1,123,565
Net Increase (Decrease) in Fair Value of Investments	<u>(8,023)</u>
Total Investment Income	<u><u>\$ 1,115,542</u></u>

At year end the City had investments with maturities not exceeding more than five years: The following table shows the City's investments and maturities along with the credit quality distribution for investments, with credit exposure as a percentage of total investments.

Investment Type	Rating	Fair Value	Investment Maturity (in years)		Percentage
			less than 1	1-5	
Public funds investment pools	AAAm	\$ 19,349,096	\$ 19,349,096	\$	88%
US Treasury Notes	AAA	249,878	249,878		1%
Federal Home Loan Bank Bonds	AAA	411,493	112,411	299,082	2%
Federal National Mortgage Association	AAA	1,096,677	846,686	249,991	5%
Federal Home Loan Mortgage Corp	AAA	748,929	550,363	198,566	3%
ICT	AAAm	225,897	225,897		1%
		<u>\$ 22,081,970</u>	<u>\$ 21,334,331</u>	<u>\$ 747,639</u>	<u>100%</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 2 - Cash And Temporary Investments (Continued)

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting investment maturities as follows:

<u>Type</u>	<u>Maximum Investment</u>	<u>Maximum Maturity</u>	<u>Minimum Rating</u>
U.S. Treasury securities	50%	3 years	AAA
U.S. Government Agency securities	50%	4 years	AAA
Certificates of deposit	40%	3 years	Pledged/Insured
Money Market mutual funds	30%	N/A	AAA
Local government investment pools	85%	90 days	AM Or AAAM
Municipal securities	30%	2 years	A
Repurchase agreements:			
Overnight	100%	N/A	Pledged/Insured
30 day	15%	30 days	Pledged/Insured
60 day	10%	60 days	Pledged/Insured
90 day	5%	90 days	Pledged/Insured

Note 3 - Property Taxes

Property taxes for each year are levied on approximately October 1 and are due upon receipt of the tax bill and become delinquent on February 1 of the following year. On January 1 of each year, a tax lien is attached to the property to secure the payment of all taxes, penalties and interest. The lien exists in the favor of the State and each taxing unit. Appraised values are established by the Central Appraisal District (CAD) of Brazoria County, Texas, through procedures established by the Texas Legislature. The County Tax Assessor Collector bills and collects the City's property taxes. The County bills the City's tax levies as soon as possible after certification of taxable values by the CAD, which is approximately August 1 as noted above. Additional tax bills are sent in December, February, April and July (which includes a surcharge for legal costs associated with collection). In August, delinquent taxes are turned over to the County's delinquent tax attorneys for final collection or other disposition.

The City has enacted an ordinance providing for the exemption of \$40,000 of the assessed value of residential homesteads, for persons 65 years of age or older, from property taxes. This is provided by Section 1-b(a) of Article 8 of the Constitution of Texas. An exemption from \$1,500 up to \$3,000 is allowed to disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services. Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes which can be levied for debt service. The property tax rates, to finance general governmental services and debt service for the 2006-07 fiscal year, were \$.6565 and \$.1471, respectively, per \$100 of assessed valuation. The 2006 assessed value and total tax levy, as adjusted through September 30, 2007, were \$782 million and \$6.3 million, respectively.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 3 - Property Taxes (Continued)

Property taxes and allowance for un-collectibles as of September 30, 2007, are as follows:

	General Fund	Debt Service Fund	Total
Property Taxes	\$ 378,595	\$ 90,803	\$ 469,398
Penalties and interest on delinquent taxes	215,987	58,282	274,269
Total Property Taxes Receivable	<u>594,582</u>	<u>149,085</u>	<u>743,667</u>
Allowance for Doubtful Accounts:			
Property Taxes	(37,859)	(9,080)	(46,939)
Penalties and interest on delinquent taxes	(63,460)	(17,197)	(80,657)
	<u>(101,319)</u>	<u>(26,277)</u>	<u>(127,596)</u>
 Net Taxes Receivable	 <u>\$ 493,263</u>	 <u>\$ 122,808</u>	 <u>\$ 616,071</u>

Note 4 - Receivables

The following is a break-down of the September 30, 2007, receivables reported in the government-wide statements:

	Governmental Activities	Business-type Activities			Total
		Water and Sewer	Sanitation	EMS	
Receivables					
Property taxes - General revenue	\$ 378,595	\$	\$	\$	\$
Property taxes - Debt Service	90,803				
Penalty and interest on taxes - General revenue	215,987				
Penalty and interest on taxes - Debt Service	58,282				
Customers	10,569	672,530	306,476	1,405,101	2,384,107
Subscriptions				57,154	57,154
Sales taxes	949,543				
Franchise fees	342,698				
Hotel occupancy taxes	35,076				
Miscellaneous	24,602	5,827	98	909	6,834
Gross Receivables	<u>2,106,155</u>	<u>678,357</u>	<u>306,574</u>	<u>1,463,164</u>	<u>2,448,095</u>
Less allowance for doubtful accounts	(127,596)	(40,406)	(18,081)	(983,571)	(1,042,058)
Net Total Receivables	<u>\$ 1,978,559</u>	<u>\$ 637,951</u>	<u>\$ 288,493</u>	<u>\$ 479,593</u>	<u>\$ 1,406,037</u>

Note 5 - Deferred Revenues

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 5 - Deferred Revenues (Continued)

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

General Fund		
Net property taxes receivable	\$	340,735
Net penalty and interest on delinquent taxes		152,528
Unearned revenue		1,279
Total General Fund		<u>494,542</u>
Debt Service Fund		
Net property taxes receivable	\$	81,723
Net penalty and interest on delinquent taxes		41,085
Total Debt Service Fund		<u>122,808</u>
Total Deferred Revenue	\$	<u>617,350</u>

Note 6 - Capital Assets

Capital Assets activity for the year ended September 30, 2007 was as follows:

	** Balance September 30, 2006	Additions	Deletions	Transfers	Balance September 30, 2007
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 3,122,123	\$	\$	\$	\$ 3,122,123
Construction in progress	989,334	975,891		(298,229)	1,666,996
Total capital assets, not being depreciated	<u>4,111,457</u>	<u>975,891</u>		<u>(298,229)</u>	<u>4,789,119</u>
Capital assets being depreciated:					
Buildings *	9,048,196	33,039		298,229	9,379,464
Improvements other than buildings	3,925,534	25,976		(765,942)	3,159,592
Infrastructure	28,830,779			765,942	29,596,721
Machinery and equipment *	8,523,378	766,645	(381,368)		8,934,631
Total capital assets being depreciated	<u>50,327,887</u>	<u>825,660</u>	<u>(381,368)</u>	<u>298,229</u>	<u>51,070,408</u>
Less accumulated depreciation for:					
Buildings *	(4,411,230)	(349,800)		(46,037)	(4,807,067)
Improvements other than buildings	(1,098,959)	(166,760)		2	(1,265,717)
Infrastructure	(9,677,545)	(692,078)		(146,396)	(10,516,019)
Machinery and equipment *	(6,133,809)	(595,895)	327,507	192,431	(6,209,766)
Total accumulated depreciation	<u>(21,321,543)</u>	<u>(1,804,533)</u>	<u>327,507</u>		<u>(22,798,569)</u>
Total capital assets being depreciated, net	<u>29,006,344</u>	<u>(978,873)</u>	<u>(53,861)</u>	<u>298,229</u>	<u>28,271,839</u>
Governmental activities capital assets, net	<u>\$ 33,117,801</u>	<u>\$ (2,982)</u>	<u>\$ (53,861)</u>	<u>\$</u>	<u>\$ 33,060,958</u>

* - Includes capital assets and accumulated depreciation recorded in the City's internal service funds as shown below:

** - As restated, see prior period adjustment

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 6 - Capital Assets (Continued)

Capital assets for Internal Service funds included above were as follows:

	Balance September 30, 2007
Building	\$ 7,754
Equipment	2,749,663
Accumulated Depreciation	<u>(1,735,850)</u>
	<u><u>\$ 1,021,567</u></u>

	** Balance September 30, 2006	Additions	Deletions	Transfers	Balance September 30, 2007
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 1,441,367	\$	\$	\$	\$ 1,441,367
Construction in progress	1,021,928	360,681			1,382,609
Total capital assets, not being depreciated	<u>2,463,295</u>	<u>360,681</u>			<u>2,823,976</u>
Capital assets being depreciated:					
Buildings	6,162,457				6,162,457
Improvements other than buildings	2,647,487				2,647,487
Infrastructure	37,122,481	109,321			37,231,802
Machinery and equipment	1,017,100	52,880	(65,612)		1,004,368
Total capital assets being depreciated	<u>46,949,525</u>	<u>162,201</u>	<u>(65,612)</u>		<u>47,046,114</u>
Less accumulated depreciation for:					
Buildings	(2,967,903)	(157,703)			(3,125,606)
Improvements other than buildings	(1,307,118)	(67,346)			(1,374,464)
Infrastructure	(16,682,378)	(945,862)			(17,628,240)
Machinery and equipment	(551,581)	(84,475)	46,935		(589,121)
Total accumulated depreciation	<u>(21,508,980)</u>	<u>(1,255,386)</u>	<u>46,935</u>		<u>(22,717,431)</u>
Total capital assets being depreciated, net	<u>25,440,545</u>	<u>(1,093,185)</u>	<u>(18,677)</u>		<u>24,328,683</u>
Business activities capital assets, net	<u>\$ 27,903,840</u>	<u>\$ (732,504)</u>	<u>\$ (18,677)</u>	<u>\$</u>	<u>\$ 27,152,659</u>

** - As restated, see prior period adjustment

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 6 - Capital Assets (Continued)

Depreciation expense charged to functions/programs as follows:

Governmental Activities Depreciation Expense by Function	
General Government	\$ 80,756
Public Safety	353,517
Engineering and Planning	7,101
Public Services	778,051
Community Services	248,799
Culture, Parks and Recreation	50,396
Central Shop	1,199
Vehicle Replacement	284,714
	<u>\$ 1,804,533</u>
Business-type Activities Depreciation Expense	
Water and Sewer	\$ 1,156,564
Sanitation	67,921
EMS	30,901
	<u>\$ 1,255,386</u>

The City has active construction projects as of September 30, 2007. The projects include street construction, parks projects, additional water and waste water treatment facilities. At year end the City's construction in progress and commitments were as follows:

Governmental Activities	Authorized Contract	Contract Expenditures	Remaining Commitment
Depot Restoration	\$ 314,982	\$ 11,502	\$ 303,480
Fire Station	1,341,932	861,367	480,565
FM 528 Extension	1,585,750	729,311	856,439
Hike and Bike Trail	298,400	24,620	273,780
South Bend Project	90,000	1,320	88,680
Bob Briscoe Park Improvements	967,000	38,876	928,124
	<u>\$ 4,598,064</u>	<u>\$ 1,666,996</u>	<u>\$ 2,931,068</u>

Business-type Activities	Authorized Contract	Contract Expenditures	Remaining Commitment
Small Diameter Lines	\$ 187,340	\$ 7,340	\$ 180,000
I & I Reduction Program Construction (TWDB)	2,465,971	779,492	1,686,479
I & I Reduction Program Construction (2006 CO)	400,000	2,943	397,057
WWTP Upgrade 215	857,175	267,331	589,844
Wastewater Treatment Plant Upgrade	1,700,000		1,700,000
Lift Station #11 Replacement	244,829	244,829	
Northside Elevated Storage Tank	96,191	80,674	15,517
Sidnor Street Waterline	175,108		175,108
	<u>\$ 6,126,614</u>	<u>\$ 1,382,609</u>	<u>\$ 4,744,005</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt

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 obligations and contractual obligation bonds which are secured by the full faith and credit of the City and are paid through the Debt Service Fund from tax revenues. The City's Water and Sewer Fund has some General Obligation Bond issues recorded in the Enterprise Funds which are secured by the full faith and credit of the City. Although the debt payments are made from the Enterprise fund, the Utilities Revenue is not pledged to secure the bond payments.

In prior years, the City issued combined tax and revenue Certificates of Obligation Bonds for constructing and acquiring improvements, extensions and additions to the City's sanitary sewer system. These certificates of obligation are payable from City ad valorem taxes and certain revenues of the City's combined waterworks 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 these certificates. Such pledge is, and shall be, junior and subordinate in all respects to the pledge of such net revenues to the payment of any obligation of the City which the City designates as having a pledge senior to these certificates. This schedule includes these transactions in the Enterprise Fund as the City is currently repaying these bonds from water and sewer revenues.

During the current fiscal year, certificates of obligation totaling \$835,000 were issued to finance the construction of facilities and the acquisition of equipment.

General obligation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Balance September 30, 2007</u>
General Long-Term Debt:				
General obligation bonds:				
Series 1998	4.15 to 4.50%	\$ 529,119	2013	\$ 297,073
Series 2000	4.7 to 5.1%	725,000	2011	335,000
Series 2002	4.1 to 6.1%	3,150,000	2022	3,005,000
Series 2002A Refunding	3.0 to 4.0%	2,806,265	2014	1,330,538
Series 2003 Refunding	4.15 to 5.60%	1,349,595	2015	1,318,005
Certificate of Obligation				
Series 2003	1.05 to 3.75%	319,176	2014	240,064
Series 2006 A	4.00 to 4.10%	1,475,000	2021	1,475,000
Series 2006 C	4.00 to 4.10%	1,305,000	2021	1,305,000
Tax Notes				
Series 2005	3.00 to 3.75%	338,550	2012	257,400
Series 2007	3.99%	835,000	2014	835,000
Governmental activities Bonded Debt				<u><u>\$ 10,398,080</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

<u>Issue</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Balance September 30, 2006</u>
Business Activity				
General Obligation Bonds				
Series 1998	4.15 to 4.50%	3,335,881	2013	\$ 1,872,927
Series 2002A Refunding	3.0 to 4.0%	3,668,735	2014	1,739,462
Series 2002B Refunding	4.0%	720,000	2009	260,000
Series 2003 Refunding	4.15 to 5.60%	2,495,405	2015	2,436,995
Certificates of obligation:				
Series 2003	4.15 to 5.60%	850,824	2015	639,936
Series 2006	4.00 to 4.10%	4,185,000	2015	4,185,000
Tax Notes, Series 2005	3.00 to 3.75%	271,450	2012	<u>72,600</u>
Total Business-type Bonded Debt				<u><u>\$ 11,206,920</u></u>

Annual Requirements

The annual requirements to amortize all long-term debt outstanding as of September 30, 2007, are as follows:

<u>Fiscal Year Ending</u>	<u>Governmental Activities Long-Term Bonded Debt</u>			<u>Business-Type Activities Long-Term Bonded Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2008	\$ 1,028,327	\$ 400,785	\$ 1,292,890	\$ 1,361,673	\$ 397,327	\$ 1,759,000
2009	947,837	362,868	1,173,772	1,402,163	346,159	1,748,322
2010	847,388	327,640	1,038,564	826,613	305,541	1,132,154
2011	868,323	293,262	1,024,770	835,677	275,871	1,111,548
2012	756,511	261,801	881,344	922,488	243,814	1,166,302
2013	752,614	233,237	848,931	931,386	209,505	1,140,891
2014	770,420	203,894	837,641	868,580	175,963	1,044,543
2015	715,065	174,610	889,675	834,935	144,088	979,023
2016	1,036,595	138,555	1,175,150	838,405	112,232	950,637
2017	400,000	108,318	508,318	300,000	90,150	390,150
2018	405,000	91,118	496,118	315,000	77,850	392,850
2019	440,000	72,830	512,830	325,000	65,050	390,050
2020	450,000	53,399	503,399	340,000	51,750	391,750
2021	485,000	32,801	517,801	355,000	37,850	392,850
2022	495,000	11,022	506,022	365,000	23,268	388,268
2023				385,000	7,893	392,893
	<u>\$ 10,398,080</u>	<u>\$ 2,766,140</u>	<u>\$ 12,207,225</u>	<u>\$ 11,206,920</u>	<u>\$ 2,564,311</u>	<u>\$ 13,771,231</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

The amount of \$346,983 is available in the Debt Service Fund to service the general obligation bonds. There are a number of limitations and restrictions contained in the various bond indentures. For the year ended September 30, 2007 the City is in compliance with all significant limitations and restrictions.

Water and Sewer System Revenue Bonds

The City has issued \$15.32 million Water and Sewer System Revenue Bonds for the purpose of expansion and improvements to the water and sewer system. The bonds do not constitute a pledge of full faith and credit of the City but are payable solely from the revenues derived from the City's Water and Sewer operations. The revenue bond ordinance requires that the City establish and maintain certain reserves and accounts for the Bond Interest and Sinking Fund and reserve amounts. The City has 60 months to fully fund the required Debt Reserve amounts. The City must also maintain amounts to pay the upcoming interest and principal payments. The City has approximately \$845,723 established for the reserve and the interest and sinking fund amounts. The City was in compliance with the bond ordinance requirements.

The revenue bonds outstanding at year end are as follows:

<u>Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Maturity Date</u>	<u>Balance September 30, 2007</u>
Enterprise- Utility Fund				
Water and Sewer System Revenue Bonds, Series 2000	4.5 to 5.5%	\$ 3,700,000	2023	\$ 425,000
Water and Sewer System Revenue Bonds, Series 2002	1.8 to 4.20%	6,650,000	2023	6,635,000
Water and Sewer System Revenue Bonds, Series 2005	4.00 to 4.30%	4,965,000	2027	4,965,000
Total Revenue Bonds				<u>\$ 12,025,000</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

Revenue bond debt service requirements to maturity are as follows:

Fiscal Year Ending	Business-type activities		Total
	Principal	Interest	
2008	\$ 210,000	\$ 456,687	\$ 814,619
2009	320,000	446,816	914,748
2010	750,000	428,631	1,326,563
2011	600,000	407,106	1,007,106
2012	620,000	388,256	1,008,256
2013	545,000	369,624	914,624
2014	550,000	351,268	901,268
2015	475,000	333,468	808,468
2016	475,000	316,031	791,031
2017	490,000	297,562	787,562
2018	510,000	278,200	788,200
2019	530,000	257,727	787,727
2020	550,000	236,213	786,213
2021	575,000	213,533	788,533
2022	600,000	189,576	789,576
2023	635,000	164,313	799,313
2024	660,000	137,600	797,600
2025	685,000	109,659	794,659
2026	715,000	80,430	795,430
2027	750,000	49,478	799,478
2028	780,000	16,770	796,770
	<u>\$ 12,025,000</u>	<u>\$ 5,528,948</u>	<u>\$ 17,997,735</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2007 was as follows:

	<u>Balance September 30, 2006</u>	<u>Additions</u>	<u>Reductions, Refundings and Retirements</u>	<u>Balance September 30, 2007</u>	<u>Amount Due within One Year</u>
Governmental Activities					
Bonds Payable:					
General obligation bonds and					
Contractual obligations	\$ 7,266,269	\$ 835,000	\$ (723,253)	\$ 7,378,016	\$ 861,047
Certificates of obligation	3,047,344		(27,280)	3,020,064	167,280
Less deferred amounts:					
for issuance discounts/premiums	23,204		(3,344)	19,860	
On refunding	(123,879)		15,660	(108,219)	
Total Governmental Bonds Payable	<u>10,212,938</u>	<u>835,000</u>	<u>(738,217)</u>	<u>10,309,721</u>	<u>1,028,327</u>
Capital Leases	84,675	231,652	(51,220)	265,107	82,101
Compensated Absences	889,248	769,691	(589,761)	1,069,178	712,785
Total Governmental Activity					
Long-term Liabilities	<u>\$ 11,186,861</u>	<u>\$ 1,836,343</u>	<u>\$ (1,379,198)</u>	<u>\$ 11,644,006</u>	<u>\$ 1,823,213</u>
Business-type Activities					
Certificates of obligation	\$ 4,897,656	\$	\$ (72,720)	\$ 4,824,936	\$ 72,720
General obligation bonds	7,618,730		(1,236,746)	6,381,984	1,288,953
Revenue bonds	12,160,000		(135,000)	12,025,000	210,000
Total Business Activity					
Bonds payable	<u>24,676,386</u>		<u>(1,444,466)</u>	<u>23,231,920</u>	<u>1,571,673</u>
Less deferred amounts:					
for issuance discounts/premiums	(16,214)		(819)	(17,033)	
On refunding	(411,695)		44,062	(367,633)	
	<u>24,248,477</u>		<u>(1,401,223)</u>	<u>22,847,254</u>	<u>1,571,673</u>
Capital Leases	34,667		(20,970)	13,697	13,697
Compensated Absences	82,086	83,201	(56,585)	108,702	72,468
Business-type Activities					
Total Long-Term Liabilities	<u>\$ 24,365,230</u>	<u>\$ 83,201</u>	<u>\$ (1,478,778)</u>	<u>\$ 22,969,653</u>	<u>\$ 1,657,838</u>

Advance Refunding

The City issued \$4,965,000 of Water and Sewer Revenue and Refunding Bonds, in part, to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,795,000 of Water and Sewer Revenue Bonds. As a result the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$116,634. The amount is being netted against the new debt and amortized over the life of the refunded debt. This refunding resulted in an economic gain of \$15,051. As of September 30, 2007, \$2,862,673 of the refunded bonds were outstanding.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt (Continued)

Capital Leases

On April 12, 2005, the City entered into a lease agreement as lessee for financing the acquisition of energy conservation equipment. The terms of the lease agreement requires the unpaid balance to be paid in 36 monthly payments of \$5,966. On July 9, 2007, the City entered into a lease agreement as lessee for financing the acquisition of a Gradall. The terms of the lease agreement requires the unpaid balance to be paid in 5 annual payments of \$51,905.

These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

Capital Lease Payments

<u>Year Ending</u>	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
2008	\$ 82,101	\$ 13,697	\$ 95,798
2009	42,289		42,289
2010	44,531		44,531
2011	46,865		46,865
2012	49,321		49,321
	<u>\$ 265,107</u>	<u>\$ 13,697</u>	<u>\$ 278,804</u>
Total Minimum Lease payments	\$ 293,412	\$ 13,841	\$ 307,253
Less: Amounts Representing interest	28,305	144	28,449
Present value of minimum lease payments	<u>\$ 265,107</u>	<u>\$ 13,697</u>	<u>\$ 278,804</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 8 - Interfund Receivables And Payables

During the course of routine operations, transactions occur between individual funds. These receivables and payables are classified as “due from other funds” or “due to other funds” on the combined balance sheet.

At September 30, 2007, interfund receivable and payable balances consisted of the following:

<u>Fund</u>	<u>Due From (To)</u>	<u>Due From</u>	<u>Due To</u>
Governmental Activities:			
<i>General Fund</i>			
	Water and sewer	\$ 12,240	\$ 3,000
	Internal service funds		12,280
Total General Fund		<u>12,240</u>	<u>15,280</u>
<i>Capital Projects</i>			
	Water and sewer	<u>24,238</u>	
Total Capital Projects		<u>24,238</u>	
<i>Internal Service Funds</i>			
	Internal service funds	<u>11,444</u>	<u>11,444</u>
Total Internal Service Funds		<u>11,444</u>	<u>11,444</u>
Total Governmental Activities		<u>47,922</u>	<u>26,724</u>
Business-Type Activities:			
<i>Water and Sewer</i>			
	General Fund	3,000	
	General Fund	40	
	Capital Projects		<u>24,238</u>
Total Water and Sewer		<u>3,040</u>	<u>24,238</u>
Total Business-type Activities		<u>3,040</u>	<u>24,238</u>
Total Due To / Due From		<u>\$ 50,962</u>	<u>\$ 50,962</u>

Note 9 - Interfund Transfers

Transactions between funds that would be treated as revenues and expenditures if they involved organizations external to the City are accounted for as revenues and expenditures in the applicable funds. Transactions which constitute reimbursements of a fund for expenditures initially made from that fund, which are properly attributable to another fund, are recorded as expenditures in the reimbursing fund and as a reduction of the expenditures in the fund that is reimbursed.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 9 - Interfund Transfers (Continued)

Interfund transfers during the year ended September 30, 2007 were as follows:

<u>Fund</u>	<u>Transfer From (To)</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities:			
<i>General Fund</i>			
	Utility Fund	\$ 146,650	\$
	Cemetery	20,708	
	Sanitation Fund	103,089	
	Sales Tax	1,834,509	
	Vehicle Maintenance Fund		
	EMS	27,553	
	Replacement Fund		543,198
	Vehicle Maintenance Fund		
Total General Fund		<u>2,132,509</u>	<u>543,198</u>
<i>Capital Projects Fund</i>			
	Sales Tax	1,507,643	
	Hike & Bike		
	Utlity Fund	1,104,366	56,542
	Cemetary Fund		
	Central Shop		
	General Fund		
Total Capital Projects		<u>2,612,009</u>	<u>56,542</u>
<i>Sales Tax Fund</i>			
	General Fund		1,834,509
	Capital Projects Fund		1,507,643
Total Sales Tax Fund			<u>3,342,152</u>
<i>Central Shop Fund</i>			
	General Fund	198,650	
	Street Department	124,000	
	Utility Fund	109,600	
	EMS Fund	27,200	
	Vehicle Replacement Fund		3,929
Total Central Shop Fund		<u>459,450</u>	<u>3,929</u>
<i>Vehicle Replacement Fund</i>			
	General Fund	147,307	
	Utility Fund	53,375	
	EMS Fund	65,990	
	Central Shop	3,929	
	Street Department	73,241	
Total Vehicle Replacement Fund		<u>343,842</u>	

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 9 - Interfund Transfers (Continued)

<u>Fund</u>	<u>Transfer From (To)</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities (Continued):			
<i>Permanent Fund-Cemetery</i>			
	General Fund		20,708
Total Permanent Fund-Cemetery			<u>20,708</u>
Total governmental activities		<u>5,547,810</u>	<u>3,966,529</u>
Business-type Activities:			
<i>Water and Sewer</i>			
	General Fund	\$	\$ 146,650
	Sanitation	100,000	
	Water and Sewer	202,650	202,650
	Vehicle Replacement Fund		162,975
	Capital Projects Fund	56,542	1,104,366
Total Water and Sewer		<u>359,192</u>	<u>1,616,641</u>
 <i>Sanitation</i>			
	General Fund		103,089
	Utility Fund		100,000
Total Sanitation			<u>203,089</u>
 <i>Emergency Medical Services</i>			
	Vehicle Replacement Fund		93,190
	General Fund		27,553
Total Emergency Medical Services			<u>120,743</u>
Total business-type activities		<u>359,192</u>	<u>1,940,473</u>
Total Interfund Transfers		<u>\$ 5,907,002</u>	<u>\$ 5,907,002</u>

Note 10 - Pension Plan

Plan Description

The City provides pension benefits for all of its full-time employees, except for firefighters, through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 821 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 10 - Pension Plan (Continued)

Plan Description (Continued)

In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions, accumulated with interest, if the current employee contribution rate and City matching percent had always been in existence; and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 6% and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective.

The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. When the City periodically adopts updated service credits and increases its annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006, valuation is effective for rates beginning January 2008).

Because the actuary determines contribution rates on an annual basis and the City pays the calculated rate each month, the City will always have a net pension obligation (NPO) of zero at the beginning and end of the period, and the annually required contributions (ARC) will always equal contributions made.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 10 - Pension Plan (Continued)

Contributions (Continued)

Trend information regarding ARC and NPO is shown below.

<u>Fiscal Year</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contribution</u>	<u>Net Pension Obligation</u>
2005	\$ 599,786	100%	\$
2006	641,183	100%	
2007	696,773	100%	

The City's annual covered payroll and annual pension cost are actuarially valued on a calendar year basis. A schedule of Funding progress for TMRS for the three most recent actuarial valuations are presented in the Required Information Section of this report.

Information as to the latest actuarial valuation follows:

Valuation Date	December 31, 2006
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years - Open Period
Asset Valuation Method	Amortized Cost
Actuarial Assumptions:	per GASB 25, para 36e
Investment Rate of Return	7%
Projected Salary Increases	None
Includes Inflation At	3.5%
Cost-of-living-Adjustments	None

The City is one of 821 municipalities having its benefit plan administered by TMRS. Each of the 821 municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2005, valuations are contained in the 20045 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin Texas 78714-9153.

Volunteer Fire Fighters

Plan Description and Contribution Information

The Fire Fighters' Pension Commissioner is the administrator of the Texas Statewide Emergency Services Personnel Retirement Fund (the "Retirement Fund"), a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without monetary remuneration. The Retirement Fund is considered a component unit of the State of Texas Financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2006, there was 181 member fire or emergency services departments participating in the pension system, including the City. Eligible participants include volunteer emergency services personnel who are members in good standing or a participating department.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 10 - Pension Plan (Continued)

Plan Description and Contribution Information (Continued)

The table below summarizes the pension system membership:

	<u>2007</u>	<u>2006</u>
Retirees and beneficiaries currently receiving benefits	1,766	1,766
Terminated employees entitled to benefits but not yet receiving them	1,815	1,815
Current employees (vested and nonvested)	<u>4,480</u>	<u>4,480</u>
Total members	<u><u>8,061</u></u>	<u><u>8,061</u></u>

Of the 4,610 current members, approximately 58 were covered by the City.

Senate Bill 411, 65th Legislature, Regular Session (1977) created the Fund, and established the applicable benefit provisions. These benefit provisions include retirement benefits as well as death and disability benefits.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 7% compounded annually.

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 and continuing monthly payments to a member's surviving spouse and/or dependents.

Contribution provisions were established by the Senate Bill 411, 65th Legislative Session (1977). No contributions are required by volunteer emergency services personnel. The governing bodies of participating department members are required to contribute at least \$12 per month for each active member. Additional contributions may be required by a governing body to pay for unfunded prior service costs and "buybacks" of up to 15 years of qualified service. The State may also be required to make annual contributions up to a limited amount to make the fund actuarially sound.

Contributions Required and Contributions Made

The contribution requirement of at least \$12 per member fire fighter per month is not actuarially determined. Rather, the minimum contribution amount was established by S.B. 411, 65th Legislature, Regular Session (1977). For the fiscal year ending August 31, 2006, total contributions (dues and prior service) of \$2,077,728 were paid into the Fund by the political subdivisions served by the member volunteer emergency services personnel. Contributions made were equal to the contributions required.

The purpose of the biennial actuarial valuation is to test the adequacy of the monthly contributions to determine if they are adequate to fund the benefits that are promised.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 10 - Pension Plan (Continued)

Contributions Required and Contributions Made (Continued)

The actuarial valuation as of August 31, 2006, revealed the adequacy of the expected contributions (dues and prior service contributions). The total contributions expected from the political subdivisions for the fiscal year ending August 31, 2006 are equal to the minimum required contributions for that year, based on amortizing the unfunded actuarial accrued liability over 30 years.

Note 11 - Deferred Compensation Plan

The City offers its employees a deferred compensation 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.

Note 12 - Summary Disclosure Of Significant Contingencies

A. Litigation

The City is a defendant in a number of lawsuits rising principally from claims against the City by various claimants. Total damages claimed are not substantial. The City Attorney estimates the potential claims against the City will be substantially covered by insurance and hence would not materially affect the financial condition of the City.

B. Federally Assisted Programs - Compliance Audits

The City receives federal grants, all of which are subject to audit by the respective agencies. Subsequent audits may disallow expenditures financed by government grants. It is the opinion of management that disallowed expenditures, based on prior audit experience, will not be material in relation to the City's financial statements as of September 30, 2007.

C. Concentration of Credit Risk

The City has receivables from residents and businesses, all of which are located in the City.

Note 13 - Arbitrage - Federal Tax Compliance For Long-Term Debt

In accordance with provisions of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code") the City's long-term debt obligations must meet certain minimum criteria to be considered and continue to be considered "tax exempt." This "tax exempt" status means that interest income earned by purchasers of the City's long-term debt instruments is not subject to federal income taxes

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 13 - Arbitrage - Federal Tax Compliance For Long-Term Debt (Continued)

Related Treasury Regulations promulgated under section 148 of the Code generally provide that the determination of whether these obligations are tax exempt is made as of the date such obligations are issued based on a reasonable expectations regarding the use of the proceeds of the bonds issued. Long-term debt that does not meet and continue to meet the minimum criteria of Section 148 of the Code and the related Treasury Regulations described above are considered “arbitrage bonds” and are not considered “tax exempt” as described above.

Obligations will become arbitrage bonds (as described above) if certain arbitrage profits are not paid to the federal government as rebate under section 148(f) of the Code. The City’s obligations to calculate and make rebate payments (if any) will continue as long as there are gross proceeds allocable to outstanding debt issues. The City has performed calculations required under section 148(f) of the Code and has no present liability nor has the City ever been required to make rebate payments for issued debt in past years.

Section 148 of the Code also provides that in order for debt not to be considered arbitrage bonds (as described above), proceeds of such debt must be invested at a yield that is not materially higher than the yield on the debt issued starting on the third anniversary of the issue date of such debt. Accordingly, any unexpended proceeds of debt issued by the City that remain unexpended more than three years after such debt was issued should be yield restricted. The yield restriction may be accomplished by making yield reduction payments pursuant to Treas. Reg. Section 1.148-5(c). The City presently has unexpended proceeds from certain debt issues that require yield restriction as described above. The City is currently in compliance with these yield restriction requirements and does not anticipate associated significant noncompliance issues. The City is continuing to proceed with reasonable diligence to expend any remaining unexpended debt issuance proceeds on qualifying projects or to retire related debt issues still outstanding.

Note 14 - 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; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2007, the City paid premiums of approximately \$173,806 for provisions of various liability, property and casualty insurance. The City has various deductible amounts ranging from \$1,000 to \$5,000 on various policies. At year-end, the City did not have any significant claims.

The City also provides workers compensation insurance on its employees through TML. The workers compensation premiums for the year ended September 30, 2007, was approximately \$148,788. Workers compensation is subject to change when audited by TML. At year end September 30, 2007, the City believed the amounts paid on workers compensation would not change significantly from the amounts recorded.

During the year ended September 30, 2007, employees of the City were covered by a health, dental and vision insurance plan (the “Plan”) with TML. The City paid premiums of approximately \$537 per month per employee plus \$161 per month per employee for half of the dependents' coverage to the plan. All premiums were paid to TML. The City does not retain any risk of loss on health and dental insurance.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS

Note 15 - Prior Period Adjustment

The City, during the fiscal year ended September 30, 2007, determined that the net assets reported in the financial statements needed adjustment based on items recorded incorrectly in prior fiscal years. The restatement of net assets is as follows:

	Governmental Activities	Business-type Activities			Total
		Water and Sewer	Sanitation	Emergency Medical Services	
Beginning Net Assets - As Originally Presented	\$ 33,558,899	\$ 11,506,883	\$ 2,117,515	\$ 1,026,952	\$ 14,651,350
Restatements due to:					
Errors in recording fixed asset additions, deletions and transfers	(306,723)	(281,794)			(281,794)
Error in recording bond issuance costs (<i>Government-wide only</i>)					17,850
Record sales tax, franchise, and hotel/motel taxes as receivable	1,065,977				
Properly reverse prior year receivables from escrow accounts	(32,517)	(14,077)		(1,043)	(15,120)
Record unbilled utility billings		329,426	107,828	25,003	462,257
Total adjustments to beginning net assets	<u>726,737</u>	<u>33,555</u>	<u>107,828</u>	<u>23,960</u>	<u>183,193</u>
Beginning net assets - As restated	<u>\$ 34,285,636</u>	<u>\$ 11,540,438</u>	<u>\$ 2,225,343</u>	<u>\$ 1,050,912</u>	<u>\$ 14,834,543</u>

Required Supplemental Information

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes:				
Property taxes and penalties	\$ 5,260,976	\$ 5,260,976	\$ 5,246,352	\$ (14,624)
City retail sales tax	1,631,450	1,631,450	1,782,764	151,314
Franchise taxes	1,241,220	1,241,220	1,254,012	12,792
Other taxes	13,500	13,500	19,210	5,710
Licenses and Permits	433,270	433,270	325,191	(108,079)
Fines and Forfeitures	357,000	357,000	437,085	80,085
Interest Earned	105,000	105,000	313,567	208,567
Other Revenues	595,939	621,939	622,441	502
Total Revenues	9,638,355	9,664,355	10,000,622	336,267
Expenditures				
Current:				
4100 General government:				
4110 - City Council/City Clerk Dept.	273,612	273,612	235,022	38,590
4120 - City Attorney Dept.	285,938	340,938	339,220	1,718
4130 - City Manager Dept.	606,632	616,632	615,898	734
4150 - Finance Dept.	651,061	683,726	621,262	62,464
4190 - Other Requirements Dept.	1,038,311	1,038,311	1,072,413	(34,102)
4680 - Economic Development Dept.	158,239	161,514	134,519	26,995
Total General Government	3,013,793	3,114,732	3,018,334	96,398
4200 - Public Safety Function				
4201 - Police Dept.	4,226,306	4,490,070	4,360,928	129,142
4202 - Fire Dept.	562,280	588,303	540,303	48,000
Total Public Safety	4,788,586	5,078,373	4,901,231	177,142
4240 - Engineering Function/Dept.				
5001 - Engineering	330,137	332,137	265,719	66,418
5002 - Inspections	250,301	250,301	223,612	26,689
Total Engineering	580,438	582,438	489,331	93,107
4300 - Public Services Function				
4301 - Streets Dept.	1,608,175	1,596,320	1,488,929	107,391
Total Public Services	1,608,175	1,596,320	1,488,929	107,391

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
4500 - Parks and Recreation Function/Dept.				
7501 - Parks Administration	237,421	222,596	191,789	30,807
7502 - Recreation	196,979	196,846	175,914	20,932
7503 - Parks Maintenance	345,424	369,598	308,499	61,099
7504 - Seniors Center	150,998	154,716	150,144	4,572
7505 - Hike and Bike	1,000	1,068	1,068	
7506 - Museum	18,600	17,600	15,134	2,466
7507 - Facility Maintenance	62,346	62,628	64,287	(1,659)
7508 - Depot	4,500	4,300	2,459	1,841
Total Parks and Recreation	1,017,268	1,029,353	909,294	120,059
4550 - Library Function	106,937	106,937	91,870	15,067
Capital Outlay	220,860	222,815	449,841	(227,026)
Total expenditures	11,336,056	11,730,968	11,348,830	382,138
Excess of revenues over (under) expenditures	(1,697,701)	(2,066,613)	(1,348,208)	718,405
Other Financing Sources (Uses):				
Sale of capital assets			22,916	22,916
Issuance of debt - capital lease			231,652	231,652
Transfers in	2,243,416	2,243,516	2,132,509	(111,007)
Transfers (out)	(543,198)	(543,198)	(543,198)	
Total Other Financing Sources (Uses)	1,700,218	1,700,318	1,843,879	143,561
Net change in Fund Balances	2,517	(366,295)	495,671	861,966
Fund Balances - Beginning	3,286,512	3,286,512	3,286,512	
Prior period adjustment			363,687	363,687
Fund Balances - Beginning (As restated)	3,286,512	3,286,512	3,650,199	363,687
Fund Balances - Ending	\$ 3,289,029	\$ 2,920,217	\$ 4,145,870	\$ 1,225,653

CITY OF ALVIN, TEXAS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Budgets and Budgetary Accounting

Budgets are adopted annually. Annual budgets are adopted for the General, certain Special Revenue, Debt Service, Enterprise and Internal Service Funds. The City adopts project budgets for Capital Projects Funds, which are revised annually.

These budgets are created by ordinance and include all sources and uses of funds as approved by Council. All annual budgets are prepared on a budgetary basis that is the same as GAAP.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplementary budgetary appropriations, which were not considered material, throughout the year.

For the year ended September 30, 2007, expenditures exceeded appropriations in the departments of the general fund:

Capital Outlay	\$227,026
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This amount is made up of the lease-purchase of equipment totaling \$231,652 for which the Streets Department budgeted for the first annual payment, rather than the full amount of the purchase.

CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2007

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Percentage Funded</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2003	\$ 13,178,656	\$ 15,855,983	83.1%	\$ 2,677,327	\$ 6,049,138	44.3%
12/31/2004	13,860,084	16,913,070	81.9%	3,052,986	6,698,942	45.6%
12/31/2005	14,848,855	18,268,644	81.3%	3,419,789	6,737,174	50.8%
12/31/2006	15,506,034	19,269,372	80.5%	3,763,338	7,315,856	51.4%

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Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2007

	Special Revenue Funds				
	113	121	122	123	124
	Hike and	Hotel/	Library	Special	Municipal
	Bike Trail	Motel	Fund	Investigation	Court
	_____	_____	_____	_____	Building
	_____	_____	_____	_____	Security
	_____	_____	_____	_____	_____
Assets					
Cash and cash equivalents	\$ 96,967	\$ 353,159	\$ 113,064	\$ 88,720	\$ 75,366
Accounts receivable		35,076			
Restricted items					
Total Assets	\$ 96,967	\$ 388,235	\$ 113,064	\$ 88,720	\$ 75,366
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$	\$ 9,095	\$	\$	\$
Accrued payroll					
Due to other agencies				1,576	
Total Liabilities		9,095		1,576	
Fund Balances:					
Reserved for:					
Encumbrances		838		11,347	
Law enforcement				75,797	
Courts					75,366
Other	96,967	378,302			
Perpetual care					
Unreserved:					
Perpetual Fund					
Special Revenue Funds			113,064		
Total Fund Balances	96,967	379,140	113,064	87,144	75,366
Total Liabilities and Fund Balances	\$ 96,967	\$ 388,235	\$ 113,064	\$ 88,720	\$ 75,366

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
125 Municipal Court Technology Fund	127 Donation Fund	160 Recycling Fund	342 Senior Fund	Total	151 Cemetery	
\$ 25,109 269	\$ 47,939	\$ 862	\$ 10,860	\$ 812,046 35,345	\$ 397,964	\$ 1,210,010 35,345
					50,000	50,000
<u>\$ 25,378</u>	<u>\$ 47,939</u>	<u>\$ 862</u>	<u>\$ 10,860</u>	<u>\$ 847,391</u>	<u>\$ 447,964</u>	<u>\$ 1,295,355</u>
\$	\$	\$ 862	\$ 2,337	\$ 11,432 862 1,576	\$	\$ 11,432 862 1,576
		862	2,337	13,870		13,870
	1,450			13,635 75,797 100,744		13,635 75,797 100,744
25,378	46,489		8,523	530,281	50,000	530,281 50,000
					397,964	397,964
				113,064		113,064
<u>25,378</u>	<u>47,939</u>		<u>8,523</u>	<u>833,521</u>	<u>447,964</u>	<u>1,281,485</u>
<u>\$ 25,378</u>	<u>\$ 47,939</u>	<u>\$ 862</u>	<u>\$ 10,860</u>	<u>\$ 847,391</u>	<u>\$ 447,964</u>	<u>\$ 1,295,355</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2007

	Special Revenue Funds				
	113	121	122	123	124
	Hike and	Hotel/	Library	Special	Municipal
	Bike Trail	Motel	Fund	Investigation	Court
	_____	_____	_____	_____	Building
					Security

Revenues					
Hotel/Motel Tax receipts	\$	\$ 192,977	\$	\$	\$
Grant Proceeds					
LEOSE Reimbursements				3,731	
Bullet Proof Vest Program				4,843	
Restitution				2,370	
Building and Security Fees					8,736
Court Technology Fees					
Donations					
Sale of Cemetery Lots					
Staking/Flagging Fee					
Transfer Fee					
Interest	4,858	16,875	5,627	5,377	3,258
Miscellaneous Revenue		5,812	260		
Total Revenues	4,858	215,664	5,887	16,321	11,994
Expenditures					
Current:					
General government		71			
Public safety		5,798		24,991	
Public services		1,581			
Community services		110,021			
Culture, parks and recreation					
Library			3,016		
Capital outlay:		72,681			
Debt service:					
Principal retirement		27,280			
Interest and fiscal charges		7,683			
Total Expenditures		225,115	3,016	24,991	
Excess (deficiency) of revenues					
over (under) expenditures	4,858	(9,451)	2,871	(8,670)	11,994
Transfers To:					
General Fund					
Total Transfers To					
Total Other Financing					
Sources and Uses					
Net change in Fund Balances	4,858	(9,451)	2,871	(8,670)	11,994
Fund Balances - Beginning	92,109	354,621	110,193	95,814	63,372
Prior period adjustment		33,970			
Fund Balances - Beginning (As restated)	92,109	388,591	110,193	95,814	63,372
Fund Balances - Ending	\$ 96,967	\$ 379,140	\$ 113,064	\$ 87,144	\$ 75,366

Special Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
125 Municipal Court Technology Fund	127 Donation Fund	160 Recycling Fund	342 Senior Fund	Total	151 Cemetery	
\$	\$	\$	\$	\$ 192,977	\$	\$ 192,977
		32,563		32,563		32,563
				3,731		3,731
				4,843		4,843
				2,370		2,370
				8,736		8,736
11,647				11,647		11,647
	41,400			41,400		41,400
					39,000	39,000
					1,600	1,600
					56	56
735	1,522		549	38,801	22,767	61,568
			18,793	24,865		24,865
<u>12,382</u>	<u>42,922</u>	<u>32,563</u>	<u>19,342</u>	<u>361,933</u>	<u>63,423</u>	<u>425,356</u>
	795			866		866
269				31,058		31,058
				1,581		1,581
	3,449		21,999	135,469	22,691	158,160
	20,458	21,093		41,551		41,551
				3,016		3,016
				72,681		72,681
				27,280		27,280
				7,683		7,683
<u>269</u>	<u>24,702</u>	<u>21,093</u>	<u>21,999</u>	<u>321,185</u>	<u>22,691</u>	<u>343,876</u>
<u>12,113</u>	<u>18,220</u>	<u>11,470</u>	<u>(2,657)</u>	<u>40,748</u>	<u>40,732</u>	<u>81,480</u>
					(20,708)	(20,708)
					(20,708)	(20,708)
					(20,708)	(20,708)
<u>12,113</u>	<u>18,220</u>	<u>11,470</u>	<u>(2,657)</u>	<u>40,748</u>	<u>20,024</u>	<u>60,772</u>
13,265	29,719	(11,470)	11,180	758,803	427,940	1,186,743
				33,970		33,970
<u>13,265</u>	<u>29,719</u>	<u>(11,470)</u>	<u>11,180</u>	<u>792,773</u>	<u>427,940</u>	<u>1,220,713</u>
\$ <u>25,378</u>	\$ <u>47,939</u>	\$	\$ <u>8,523</u>	\$ <u>833,521</u>	\$ <u>447,964</u>	\$ <u>1,281,485</u>

CITY OF ALVIN, TEXAS
DEBT SERVICE FUND - 141
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Property taxes and penalties	\$ 1,205,233	\$ 1,168,819	\$ (36,414)
Interest	7,000	17,153	10,153
Total Revenues	1,212,233	1,185,972	(26,261)
Expenditures			
Debt Service:			
Principal retirement	799,878	774,473	25,405
Interest and fiscal charges	382,207	382,207	
Other	7,968	7,968	
Total Expenditures	1,190,053	1,164,648	25,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,180	21,324	(856)
Fund Balances - Beginning	325,659	325,659	
Fund Balances - Ending	\$ 347,839	\$ 346,983	\$ (856)

CITY OF ALVIN, TEXAS
CAPITAL PROJECTS FUND - 131
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$ 5,000	\$ 184,036	\$ 179,036
Total Revenues	<u>5,000</u>	<u>184,036</u>	<u>179,036</u>
Expenditures			
Current:			
Public services		1,050,146	(1,050,146)
Capital Outlay	6,068,616	981,457	5,087,159
Debt Service:			
Interest and fiscal charges		32,918	(32,918)
Total Expenditures	<u>6,068,616</u>	<u>2,064,521</u>	<u>4,004,095</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,063,616)	(1,880,485)	4,183,131
Other Financing Sources (Uses):			
Issuance of debt	3,479,345	835,000	(2,644,345)
Transfers in	2,476,142	2,612,009	135,867
Transfers out	(83,145)	(56,542)	26,603
Total Other Financing Sources (Uses)	<u>5,872,342</u>	<u>3,390,467</u>	<u>(2,481,875)</u>
Net change in Fund Balances	(191,274)	1,509,982	1,701,256
Fund Balances - Beginning	<u>3,760,112</u>	<u>3,760,112</u>	
Fund Balances - Ending	<u>\$ 3,568,838</u>	<u>\$ 5,270,094</u>	<u>\$ 1,701,256</u>

CITY OF ALVIN, TEXAS
SALES TAX CAPITAL PROJECTS FUND - 132
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Sales taxes	\$ 3,262,900	\$ 3,564,464	\$ 301,564
Interest	12,000	43,883	31,883
Total Revenues	<u>3,274,900</u>	<u>3,608,347</u>	<u>333,447</u>
Expenditures			
Current:			
Public services	373,569	330,040	43,529
Capital Outlay	42,500		42,500
Total Expenditures	<u>416,069</u>	<u>330,040</u>	<u>86,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,858,831	3,278,307	419,476
Other Financing Sources (Uses):			
Transfers out	<u>(3,253,392)</u>	<u>(3,342,152)</u>	<u>(88,760)</u>
Total Other Financing Sources (Uses)	<u>(3,253,392)</u>	<u>(3,342,152)</u>	<u>(88,760)</u>
Net change in Fund Balances	(394,561)	(63,845)	330,716
Fund Balances - Beginning	1,044,208	1,044,208	
Prior period adjustment		635,803	635,803
Fund Balances - Beginning (As restated)	<u>1,044,208</u>	<u>1,680,011</u>	<u>635,803</u>
Fund Balances - Ending	<u>\$ 649,647</u>	<u>\$ 1,616,166</u>	<u>\$ 966,519</u>

CITY OF ALVIN, TEXAS

HIKE AND BIKE TRAIL SPECIAL REVENUE FUND - 113
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$ 500	\$ 4,858	\$ 4,358
Total Revenues	<u>500</u>	<u>4,858</u>	<u>4,358</u>
Net change in Fund Balances	500	4,858	4,358
Fund Balances - Beginning	<u>92,109</u>	<u>92,109</u>	
Fund Balances - Ending	<u>\$ 92,609</u>	<u>\$ 96,967</u>	<u>\$ 4,358</u>

CITY OF ALVIN, TEXAS

HOTEL / MOTEL TAX SPECIAL REVENUE FUND - 121
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Hotel/Motel Tax receipts	\$ 154,000	\$ 192,977	\$ 38,977
Interest	5,000	16,875	11,875
Miscellaneous Revenue		5,812	5,812
Total Revenues	159,000	215,664	56,664
Expenditures			
Current:			
General government		71	(71)
Public safety		5,798	(5,798)
Public services		1,581	(1,581)
Community services	123,854	110,021	13,833
Capital outlay	6,000	72,681	(66,681)
Debt service:			
Principal retirement	27,280	27,280	
Interest and fiscal charges	7,683	7,683	
Total Expenditures	164,817	225,115	(60,298)
Excess (deficiency) of revenues over (under) expenditures	(5,817)	(9,451)	(3,634)
Fund Balances - Beginning	354,621	354,621	
Prior period adjustment		33,970	33,970
Fund Balances - Beginning (As restated)	354,621	388,591	33,970
Fund Balances - Ending	\$ 348,804	\$ 379,140	\$ 30,336

CITY OF ALVIN, TEXAS
LIBRARY SPECIAL REVENUE FUND - 122
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Interest	\$ 2,000	\$ 5,627	\$ 3,627
Miscellaneous Revenue		260	260
Total Revenues	<u>2,000</u>	<u>5,887</u>	<u>3,887</u>
Expenditures			
Current:			
Library	5,000	3,016	1,984
Total Expenditures	<u>5,000</u>	<u>3,016</u>	<u>1,984</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,000)</u>	<u>2,871</u>	<u>5,871</u>
Net change in Fund Balances	(3,000)	2,871	5,871
Fund Balances - Beginning	<u>110,193</u>	<u>110,193</u>	
Fund Balances - Ending	<u>\$ 107,193</u>	<u>\$ 113,064</u>	<u>\$ 5,871</u>

CITY OF ALVIN, TEXAS

SPECIAL INVESTIGATIONS SPECIAL REVENUE FUND - 123

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
LEOSE Reimbursements	\$	\$ 3,731	\$ 3,731
Bullet Proof Vest Program		4,843	4,843
Restitution	10,000	2,370	(7,630)
Federal Forfeitures	500		(500)
Interest	1,000	5,377	4,377
Total Revenues	11,500	16,321	4,821
Expenditures			
Current:			
Public safety	13,000	24,991	(11,991)
Total Expenditures	13,000	24,991	(11,991)
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(8,670)	(7,170)
Net change in Fund Balances	(1,500)	(8,670)	(7,170)
Fund Balances - Beginning	95,814	95,814	
Fund Balances - Ending	\$ 94,314	\$ 87,144	\$ (7,170)

CITY OF ALVIN, TEXAS
BUILDINGS SECURITY SPECIAL REVENUE FUND - 124
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Building and Security Fees	\$ 7,200	\$ 8,736	\$ 1,536
Interest	800	3,258	2,458
Total Revenues	8,000	11,994	3,994
Net change in Fund Balances	8,000	11,994	3,994
Fund Balances - Beginning	63,372	63,372	
Fund Balances - Ending	\$ 71,372	\$ 75,366	\$ 3,994

CITY OF ALVIN, TEXAS

MUNICIPAL COURT TECHNOLOGY SPECIAL REVENUE FUND - 125

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended September 30, 2007

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues			
Court Technology Fees	\$ 9,500	\$ 11,647	\$ 2,147
Interest	300	735	435
Total Revenues	<u>9,800</u>	<u>12,382</u>	<u>2,582</u>
Expenditures			
Current:			
Public safety		269	(269)
Total Expenditures		<u>269</u>	<u>(269)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,800</u>	<u>12,113</u>	<u>2,313</u>
Net change in Fund Balances	9,800	12,113	2,313
Fund Balances - Beginning	<u>13,265</u>	<u>13,265</u>	
Fund Balances - Ending	<u>\$ 23,065</u>	<u>\$ 25,378</u>	<u>\$ 2,313</u>

CITY OF ALVIN, TEXAS
DONATION SPECIAL REVENUE FUND - 127
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Donations	\$ 15,000	\$ 41,400	\$ 26,400
Interest		1,522	1,522
Total Revenues	<u>15,000</u>	<u>42,922</u>	<u>27,922</u>
Expenditures			
Current:			
General government	2,000	795	1,205
Community services		3,449	(3,449)
Culture, parks and recreation	12,000	20,458	(8,458)
Total Expenditures	<u>14,000</u>	<u>24,702</u>	<u>(10,702)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,000</u>	<u>18,220</u>	<u>17,220</u>
Net change in Fund Balances	1,000	18,220	17,220
Fund Balances - Beginning	<u>29,719</u>	<u>29,719</u>	
Fund Balances - Ending	<u><u>\$ 30,719</u></u>	<u><u>\$ 47,939</u></u>	<u><u>\$ 17,220</u></u>

CITY OF ALVIN, TEXAS
RECYCLING SPECIAL REVENUE FUND - 160
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Grant Proceeds	\$ 17,940	\$ 32,563	\$ 14,623
Total Revenues	<u>17,940</u>	<u>32,563</u>	<u>14,623</u>
Expenditures			
Current:			
Culture, parks and recreation	17,940	21,093	(3,153)
Total Expenditures	<u>17,940</u>	<u>21,093</u>	<u>(3,153)</u>
Excess (deficiency) of revenues over (under) expenditures		<u>11,470</u>	<u>11,470</u>
Net change in Fund Balances		11,470	11,470
Fund Balances - Beginning	<u>(11,470)</u>	<u>(11,470)</u>	
Fund Balances - Ending	<u>\$ (11,470)</u>	<u>\$</u>	<u>\$ 11,470</u>

CITY OF ALVIN, TEXAS
CEMETARY PERMANENT FUND - 151
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended September 30, 2007

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Sale of Cemetery Lots	\$ 40,000	\$ 39,000	\$ (1,000)
Staking/Flagging Fee	2,500	1,600	(900)
Transfer Fee		56	56
Interest	6,000	22,767	16,767
Total Revenues	<u>48,500</u>	<u>63,423</u>	<u>14,923</u>
Expenditures			
Current:			
Community services	20,000	22,691	(2,691)
Total Expenditures	<u>20,000</u>	<u>22,691</u>	<u>(2,691)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>28,500</u>	<u>40,732</u>	<u>12,232</u>
Net change in Fund Balances	28,500	40,732	12,232
Fund Balances - Beginning	<u>427,940</u>	<u>427,940</u>	
Fund Balances - Ending	<u><u>\$ 456,440</u></u>	<u><u>\$ 468,672</u></u>	<u><u>\$ 12,232</u></u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
September 30, 2007

	221 Central Shop	222 Vehicle Replacement	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 90,886	\$ 790,190	\$ 881,076
Investments		300,045	300,045
Accrued interest receivable		7,565	7,565
Due from other funds	11,444		11,444
Inventory	53,860		53,860
Total Current Assets	156,190	1,097,800	1,253,990
Capital Assets:			
Buildings	7,754		7,754
Equipment	19,977	2,729,686	2,749,663
	27,731	2,729,686	2,757,417
Less allowance for depreciation	(2,192)	(1,733,658)	(1,735,850)
	25,539	996,028	1,021,567
Total Assets	\$ 181,729	\$ 2,093,828	\$ 2,275,557
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 7,250	\$ 429	\$ 7,679
Accrued liabilities:			
Accrued compensated absences	20,973		20,973
Accrued expenses	7,686		7,686
Due to other funds		11,444	11,444
Total Current Liabilities	35,909	11,873	47,782
Total Liabilities	35,909	11,873	47,782
Net Assets:			
Invested in Capital Assets, net of related debt	25,539	996,028	1,021,567
Unrestricted Net Assets	120,281	1,085,927	1,206,208
Total Net Assets	145,820	2,081,955	2,227,775
Total Liabilities and Net Assets	\$ 181,729	\$ 2,093,828	\$ 2,275,557

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Year Ended September 30, 2007

	221 Central Shop	222 Vehicle Replacement	Totals
Operating Revenues			
Miscellaneous	\$ 264	\$	\$ 264
Total Operating Revenues	<u>264</u>		<u>264</u>
Operating Expenses			
Personnel services	193,299		193,299
Supplies	124,347	2,903	127,250
Contractual services	138,616		138,616
Depreciation	1,199	284,714	285,913
Total Operating Expenses	<u>457,461</u>	<u>287,617</u>	<u>745,078</u>
Operating Income	<u>(457,197)</u>	<u>(287,617)</u>	<u>(744,814)</u>
Non-Operating Revenues (Expenses)			
Interest revenues	6,068	48,578	54,646
Gain (Loss) on disposal of capital assets		(2,217)	(2,217)
Grant proceeds		28,000	28,000
Insurance proceeds		23,843	23,843
Total Non-operating Revenues (Expenses)	<u>6,068</u>	<u>98,204</u>	<u>104,272</u>
Transfers In (Out)			
Transfers in	459,450	343,842	803,292
Transfers out	(3,929)		(3,929)
Total Transfers	<u>455,521</u>	<u>343,842</u>	<u>799,363</u>
Net Income (Loss)	<u>4,392</u>	<u>154,429</u>	<u>158,821</u>
Net Assets - Beginning	141,428	1,836,076	1,977,504
Prior period adjustment		91,450	91,450
Net Assets - Beginning (As restated)	<u>141,428</u>	<u>1,927,526</u>	<u>2,068,954</u>
Net Assets - Ending	<u>\$ 145,820</u>	<u>\$ 2,081,955</u>	<u>\$ 2,227,775</u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2007

	221	222	
	Central	Vehicle	
	Shop	Replacement	Total
Cash Flows from Operating Activities			
Receipts from interfund services provided	\$ 264	\$	\$ 264
Payments to suppliers	(278,401)	(2,474)	(280,875)
Payments to employees	(185,977)		(185,977)
Net Cash Provided (Used)			
by Operating Activities	<u>(464,114)</u>	<u>(2,474)</u>	<u>(466,588)</u>
Cash Flows from Non-Capital Financing Activities			
Advances from/to other funds	455,520	343,842	799,362
Transfers to other funds			
Net Cash Provided (Used) by			
Non-Capital Financing Activities	<u>455,520</u>	<u>343,842</u>	<u>799,362</u>
Cash Flows from Capital			
and Related Financing Activities			
Asset disposals		27,972	27,972
Acquisition and construction of fixed assets	(10,432)	(297,572)	(308,004)
Grant Proceeds		28,000	28,000
Insurance proceeds		23,843	23,843
Net Cash (Used) by Capital			
and Related Financing Activities	<u>(10,432)</u>	<u>(217,757)</u>	<u>(228,189)</u>
Cash Flows from Investing Activities			
Proceeds from sale of investments		(198)	(198)
Interest on investments	6,068	48,409	54,477
Net Cash Provided by Investing Activities	<u>6,068</u>	<u>48,211</u>	<u>54,279</u>
Net Increase in Cash and Cash Equivalents	(12,958)	171,822	158,864
Cash and cash equivalents, beginning of year	<u>103,844</u>	<u>618,368</u>	<u>722,212</u>
Cash and Cash Equivalents, End of Year	<u>\$ 90,886</u>	<u>\$ 790,190</u>	<u>\$ 881,076</u>
Cash and Cash Equivalents, End of Year:			
Unrestricted cash	\$ 90,886	\$ 790,190	\$ 881,076
	<u>\$ 90,886</u>	<u>\$ 790,190</u>	<u>\$ 881,076</u>

CITY OF ALVIN, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2007

	221	222	
	Central	Vehicle	
	Shop	Replacement	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Cash Flows from Operating Activities:			
Operating income	\$ (457,197)	\$ (287,617)	\$ (744,814)
Adjustments to Reconcile Operating Income to Net			
Cash Provided (Used) by Operating Activities:			
Depreciation	1,199	284,714	285,913
Changes in Assets and Liabilities:			
(Increase) Decrease in inventories	4,651		4,651
Increase (Decrease) in accounts payable	(20,954)	429	(20,525)
Increase (Decrease) in compensated absences	7,322		7,322
Increase (Decrease) in accrued liabilities	865		865
Net Cash Provided (Used)			
by Operating Activities	<u>\$ (464,114)</u>	<u>\$ (2,474)</u>	<u>\$ (466,588)</u>

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Statistical Section

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

Contents	Page
Financial Trends	96
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	99
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	114
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	121
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	126
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the governments provides and the activities it performs.</i>	

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

CITY OF ALVIN, TEXAS

NET ASSETS BY COMPONENT

*Last Five Fiscal Years**

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 29,382,300	\$ 26,554,732	\$ 27,092,862	\$ 26,117,047	\$ 26,711,260
Restricted	3,447,490	3,672,027	2,268,984	2,379,709	4,185,439
Unrestricted	2,659,493	4,357,391	4,985,742	5,042,427	5,088,173
Total governmental activities net assets	\$ 35,489,283	\$ 34,584,150	\$ 34,347,588	\$ 33,539,183	\$ 35,984,872
Business-type activities					
Invested in capital assets, net of related debt	\$ 16,611,112	\$ 13,231,101	\$ 13,946,640	\$ 10,031,169	\$ 9,185,334
Restricted	322,591	322,591	542,103	542,103	845,723
Unrestricted	1,882,147	2,121,607	1,442,853	3,801,084	4,625,332
Total business-type activities net assets	\$ 18,815,850	\$ 15,675,299	\$ 15,931,596	\$ 14,374,356	\$ 14,656,389
Primary government					
Invested in capital assets, net of related debt	\$ 45,993,412	\$ 39,785,833	\$ 41,039,502	\$ 36,148,216	\$ 35,896,594
Restricted	3,770,081	3,994,618	2,811,087	2,921,812	5,031,162
Unrestricted	4,541,640	6,478,998	6,428,595	8,843,511	9,713,505
Total primary government net assets	\$ 54,305,133	\$ 50,259,449	\$ 50,279,184	\$ 47,913,539	\$ 50,641,261

* GASB 34 was implemented in fiscal year 2003, therefore 10 years of data is unavailable.

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

*Last Five Fiscal Years**

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 2,939,342	\$ 2,678,182	\$ 2,883,482	\$ 2,878,778	\$ 3,155,673
Public safety	4,680,176	4,510,157	4,832,986	5,054,540	5,765,961
Engineering and Planning	814,024	871,932	762,367	582,378	554,616
Public Services	1,466,035	1,749,944	4,437,460	3,766,436	3,907,160
Community Services	124,991	131,810	128,758	153,328	347,169
Culture and recreation	1,087,608	1,191,201	1,852,042	1,329,498	1,222,914
Interest on long-term debt	399,074	348,006	334,761	486,490	470,225
Total governmental activities expenses	<u>11,511,250</u>	<u>11,481,232</u>	<u>15,231,856</u>	<u>14,251,448</u>	<u>15,423,718</u>
Business-type activities:					
Water and sewer	4,912,163	4,429,289	2,517,163	4,217,430	5,179,628
Sanitation	1,564,881	1,519,463	1,577,475	1,561,134	1,679,203
EMS	754,641	1,476,204	898,288	860,354	1,060,634
Total business-type activities expenses	<u>7,231,685</u>	<u>7,424,956</u>	<u>4,992,926</u>	<u>6,638,918</u>	<u>7,919,465</u>
Total primary government expenses	<u>\$ 18,742,935</u>	<u>\$ 18,906,188</u>	<u>\$ 20,224,782</u>	<u>\$ 20,890,366</u>	<u>\$ 23,343,183</u>
Program Revenue					
Governmental activities:					
Charges for services:					
General government	\$ 40,128	\$ 6,227	\$ 18,093	\$ 36,736	\$ 37,029
Public safety	523,803	414,337	637,234	665,255	735,677
Engineering and Planning	240,330	234,265	260,727	610,541	401,661
Public Services	550,000				
Culture and recreation	151,245	139,960	156,446	178,087	187,229
Operating grants and contributions	153,733	186,196	272,811	108,200	157,790
Total governmental activities program revenues	<u>1,659,239</u>	<u>980,985</u>	<u>1,345,311</u>	<u>1,598,819</u>	<u>1,519,386</u>
Business-type activities:					
Charges for services:					
Water and sewer	4,981,184	4,950,766	5,211,377	5,849,098	5,771,303
Sanitation	1,598,155	1,587,835	1,714,332	1,811,689	1,995,110
EMS	868,300	1,794,225	863,605	1,000,321	1,126,101
Operating grants and contributions	24,788	10,898	37,685	12,133	1,364
Capital grants and contributions					
Water and sewer	421,023		16,987		
Total business-type activities program revenues	<u>7,893,450</u>	<u>8,343,724</u>	<u>7,843,986</u>	<u>8,673,241</u>	<u>8,893,878</u>
Total primary government program revenues	<u>\$ 9,552,689</u>	<u>\$ 9,324,709</u>	<u>\$ 9,189,297</u>	<u>\$ 10,272,060</u>	<u>\$ 10,413,264</u>
Net (Expense)/Revenue					
Governmental activities	\$ (9,852,011)	\$ (10,500,247)	\$ (13,886,545)	\$ (12,652,629)	\$ (13,904,332)
Business-type activities	661,765	918,768	2,851,060	2,034,323	974,413
Total primary government net expense	<u>\$ (9,190,246)</u>	<u>\$ (9,581,479)</u>	<u>\$ (11,035,485)</u>	<u>\$ (10,618,306)</u>	<u>\$ (12,929,919)</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

*Last Five Fiscal Years**

(Accrual Basis of Accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 4,857,873	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632	\$ 6,441,666
Sales and use taxes	3,787,820	3,911,035	4,185,111	4,311,123	5,540,205
Franchise taxes	1,242,162	1,505,370	1,257,702	1,279,211	1,321,208
Investment earnings	81,329	70,999	161,734	364,080	674,853
Miscellaneous	42,523	75,336	14,587	94,255	44,355
Transfers	1,429	687,563	2,664,611	1,184,047	1,581,281
Total governmental activities	<u>10,013,136</u>	<u>11,393,558</u>	<u>13,646,971</u>	<u>13,026,348</u>	<u>15,603,568</u>
Business-type activities:					
Investment earnings	140,282	133,776	60,292	195,478	440,689
Miscellaneous	13,390	8,204	9,562	5,043	5,875
Transfers	(1,429)	(687,563)	(2,664,611)	(1,184,047)	(1,581,281)
Total business-type activities	<u>152,243</u>	<u>(545,583)</u>	<u>(2,594,757)</u>	<u>(983,526)</u>	<u>(1,134,717)</u>
Total primary government	<u>\$ 10,165,379</u>	<u>\$ 10,847,975</u>	<u>\$ 11,052,214</u>	<u>\$ 12,042,822</u>	<u>\$ 14,468,851</u>
Change in Net Assets					
Governmental activities	\$ 161,125	\$ 893,311	\$ (239,574)	\$ 373,719	\$ 1,699,236
Business-type activities	814,008	373,185	256,303	1,050,797	(160,304)
Total primary government	<u>\$ 975,133</u>	<u>\$ 1,266,496</u>	<u>\$ 16,729</u>	<u>\$ 1,424,516</u>	<u>\$ 1,538,932</u>

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

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales and Use Taxes</u>	<u>Franchise and Other Taxes</u>	<u>Total</u>
2003	\$ 4,857,873	\$ 3,787,820	\$ 1,242,162	\$ 9,887,855
2004	5,143,255	3,911,035	1,505,370	10,559,660
2005	5,363,226	4,185,111	1,257,702	10,806,039
2006	5,793,632	4,311,123	1,279,212	11,383,967
2007	6,441,666	5,540,205	1,321,208	13,303,079

* GASB 34 was implemented in fiscal year 2003, therefore 10 years of data is unavailable.

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
General fund				
Reserved	\$ 598,778	\$ 192,248	\$ 305,708	\$ 246,021
Unreserved	<u>1,939,127</u>	<u>2,647,893</u>	<u>2,290,599</u>	<u>228,987</u>
Total governmental activities net assets	<u><u>\$ 2,537,905</u></u>	<u><u>\$ 2,840,141</u></u>	<u><u>\$ 2,596,307</u></u>	<u><u>\$ 475,008</u></u>
All other governmental funds				
Reserved	\$ 1,034,872	\$ 2,892,067	\$ 1,196,526	\$ 2,849,962
Unreserved, report in:				
Special revenue funds	202,465	135,309	274,470	197,725
Capital projects funds	2,655,122	1,086,192	2,993,763	7,147,590
Permanent Fund				
Total business-type activities net assets	<u><u>\$ 3,892,459</u></u>	<u><u>\$ 4,113,568</u></u>	<u><u>\$ 4,464,759</u></u>	<u><u>\$10,195,277</u></u>

2002	2003	2004	2005	2006	2007
\$ 232,142	\$ 82,628	\$ 97,594	\$ 95,159	\$ 74,986	\$ 1,184,413
<u>2,051,325</u>	<u>2,491,329</u>	<u>2,725,533</u>	<u>3,027,096</u>	<u>3,211,526</u>	<u>2,961,457</u>
<u><u>\$ 2,283,467</u></u>	<u><u>\$ 2,573,957</u></u>	<u><u>\$ 2,823,127</u></u>	<u><u>\$ 3,122,255</u></u>	<u><u>\$ 3,286,512</u></u>	<u><u>\$ 4,145,870</u></u>
\$ 3,985,194	\$ 3,723,632	\$ 2,609,387	\$ 1,505,349	\$ 1,266,145	\$ 8,003,700
391,103	108,676	107,975	110,872	110,193	113,064
2,953,546	1,080,467	1,612,652	2,070,324	4,562,445	
	358,307	365,409	370,982	377,940	397,964
<u>\$ 7,329,843</u>	<u>\$ 5,271,082</u>	<u>\$ 4,695,423</u>	<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues				
Taxes:				
Property taxes	\$ 3,547,502	\$ 3,722,163	\$ 3,928,943	\$ 4,049,720
Sales and use taxes	2,919,150	3,149,004	3,167,985	3,573,040
Franchise taxes	1,118,081	1,129,824	1,150,504	1,268,090
Hotel/Motel tax	102,340	110,952	130,857	155,942
Other taxes				
Fines and forfeitures	330,911	362,917	300,905	143,454
Grants	337,660	269,442	102,228	247,132
Licenses and permits	114,337	109,307	106,006	111,795
Intergovernmental	204,848	394,695	152,726	9,823
Investment earnings	440,738	494,396	451,087	409,829
Miscellaneous	246,404	263,528	226,735	196,582
Total Revenues	<u>9,361,971</u>	<u>10,006,228</u>	<u>9,717,976</u>	<u>10,165,407</u>
Expenditures				
General government	2,468,519	2,681,129	2,186,669	2,331,722
Public safety	3,103,836	3,194,311	3,272,544	3,487,929
Streets	945,412	730,046		
Engineering and planning			311,423	200,337
Public services			218,119	375,349
Community services	1,235,340	1,335,549	289,019	4,568
Culture and recreation			806,168	678,453
Library				
Capital outlay	1,320,780	1,143,907	2,243,224	2,424,467
Debt service:				
Principal	623,500	631,440	670,152	451,194
Interest and other charges	409,966	366,500	321,302	458,787
Total expenditures	<u>10,107,353</u>	<u>10,082,882</u>	<u>10,318,620</u>	<u>10,412,806</u>
Excess of revenues over (under) expenditures	<u>(745,382)</u>	<u>(76,654)</u>	<u>(600,644)</u>	<u>(247,399)</u>

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 4,465,208	\$ 4,866,515	\$ 5,163,197	\$ 5,401,879	\$ 5,790,405	\$ 6,415,171
3,681,228	3,684,901	3,784,149	4,065,373	4,114,053	5,347,228
1,303,998	1,226,231	1,475,836	1,222,977	1,237,728	1,254,012
249,336	102,918	126,886	119,738	197,070	192,977
		19,534	10,953	12,658	19,210
344,824	450,894	376,232	381,554	388,202	437,085
60,997	39,241	23,830	3,825	22,027	32,563
183,498	197,905	266,378	301,393	663,057	325,191
22,427	5,200	4,550	215,244	4,313	3,731
202,054	85,752	76,320	171,876	345,650	620,207
453,583	423,465	395,510	471,511	598,811	756,958
<u>10,967,153</u>	<u>11,083,022</u>	<u>11,712,422</u>	<u>12,366,323</u>	<u>13,373,974</u>	<u>15,404,333</u>
3,176,053	3,193,675	2,698,996	2,704,408	2,676,013	3,019,200
3,477,699	4,354,626	4,316,165	4,788,853	4,809,776	4,932,289
218,967	153,119	859,878	768,252	552,276	489,331
450,643	1,267,511	1,730,750	1,406,740	1,518,905	2,870,696
94,448	84,041	24,661	21,015	143,300	158,160
736,995	1,275,978	1,062,355	1,077,971	906,749	950,845
		65,749	71,666	79,117	94,886
4,670,860	2,983,215	934,908	3,883,770	2,266,772	1,503,979
480,901	460,246	842,396	788,572	810,861	801,753
451,530	459,542	389,871	337,391	455,020	430,776
<u>13,758,096</u>	<u>14,231,953</u>	<u>12,925,729</u>	<u>15,848,638</u>	<u>14,218,789</u>	<u>15,251,915</u>
<u>(2,790,943)</u>	<u>(3,148,931)</u>	<u>(1,213,307)</u>	<u>(3,482,315)</u>	<u>(844,815)</u>	<u>152,418</u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Other Financing Sources (Uses)				
Transfers in	\$ 787,556	\$ 897,181	\$ 3,151,281	\$ 6,648,021
Transfers out	(485,491)	(297,181)	(1,741,281)	(2,378,555)
Refunding bonds issued		483,140		
Bonds issued				343,972
Premium on bonds issued				
Discount on bonds issued				
Payments to refunded bond escrow agent		(483,140)		
Capital leases				
Sale of capital assets				
Total other financing sources (uses)	<u>302,065</u>	<u>600,000</u>	<u>1,410,000</u>	<u>4,613,438</u>
Net change in fund balances	<u>\$ (443,317)</u>	<u>\$ 523,346</u>	<u>\$ 809,356</u>	<u>\$ 4,366,039</u>
Debt service as a percentage of noncapital expenditures	13.3%	12.6%	14.0%	12.9%

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 2,690,085	\$ 2,171,279	\$ 3,629,342	\$ 5,385,425	\$ 3,362,287	\$ 4,744,518
(7,071,681)	(1,594,850)	(2,941,779)	(2,720,814)	(2,910,566)	(3,962,600)
		1,349,595			
3,083,556	80,013	319,176	478,925	2,780,000	835,000
		(10,439)		1,591	
		(1,311,643)			
	300,669				231,652
				28,351	22,916
<u>(1,298,040)</u>	<u>957,111</u>	<u>1,034,252</u>	<u>3,143,536</u>	<u>3,261,663</u>	<u>1,871,486</u>
<u><u>\$ (4,088,983)</u></u>	<u><u>\$ (2,191,820)</u></u>	<u><u>\$ (179,055)</u></u>	<u><u>\$ (338,779)</u></u>	<u><u>\$ 2,416,848</u></u>	<u><u>\$ 2,023,904</u></u>
11.4%	8.9%	11.5%	10.4%	11.8%	9.8%

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

Fiscal Year	Property Taxes	Sales and Use Taxes	Franchise and Other Taxes	Total
1998	\$ 3,547,502	\$ 2,919,150	\$ 1,220,421	\$ 7,687,073
1999	3,722,163	3,149,004	1,240,776	8,111,943
2000	3,928,943	3,167,985	1,281,361	8,378,289
2001	4,049,720	3,573,040	1,424,032	9,046,792
2002	4,465,208	3,681,228	1,553,333	9,699,769
2003	4,866,515	3,684,901	1,329,149	9,880,565
2004	5,163,197	3,784,149	1,622,256	10,569,602
2005	5,401,879	4,065,373	1,353,668	10,820,920
2006	5,790,405	4,114,053	1,447,456	11,351,914
2007	6,415,171	5,347,228	1,466,199	13,228,598

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

Fiscal Year	Tax Year	Real Property			Personal Property		
		Residential Property	Commercial Property	Total	Motor Vehicles	Other	Total
1998	1997	A	A	\$ 315,383,286	A	A	\$ 109,552,895
1999	1998	A	A	328,207,914	A	A	119,125,711
2000	1999	A	A	340,244,053	A	A	129,720,796
2001	2000	A	A	368,620,562	A	A	126,920,848
2002	2001	A	A	397,078,791	A	A	140,764,801
2003	2002	A	A	436,791,883	A	A	159,684,533
2004	2003	A	A	489,624,164	A	A	143,820,050
2005	2004	\$ 419,639,580	\$ 280,972,630	700,612,210	A	\$ 131,001,860	131,001,860
2006	2005	463,788,970	310,043,900	773,832,870	A	132,699,310	132,699,310
2007	2006	494,709,890	328,960,620	823,670,510	A	142,494,590	142,494,590

Source: Tax department and Inspection records of the City.

Note: Assessed value is 100% of the estimated actual value.

^A Data is not available

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
A	\$ 424,936,181	0.8036	\$ 424,936,181	100%
A	447,333,625	0.8036	447,333,625	100%
A	469,964,849	0.8036	469,964,849	100%
A	495,541,410	0.8036	495,541,410	100%
A	537,843,592	0.8036	537,843,592	100%
A	596,476,416	0.8036	596,476,416	100%
A	633,444,214	0.8036	633,444,214	100%
\$ 176,600,152	655,013,918	0.8036	655,013,918	100%
185,471,506	721,060,674	0.8036	721,060,674	100%
169,766,577	796,398,523	0.8036	796,398,523	100%

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

Fiscal Year	City of Alvin			Overlapping Rates				Total Direct & Overlapping Rates
	Operating	Debt Service	Total	Alvin Independent School District	Alvin Community College	Brazoria County	C&R District No. 3	
Tax Rate								
1998	0.56220	0.24140	0.80360	1.5353	0.1971	0.35750	0.0960	2.9895
1999	0.57970	0.22390	0.80360	1.5353	0.2032	0.35750	0.0960	2.9956
2000	0.59200	0.21160	0.80360	1.5353	0.2389	0.35750	0.0960	3.0313
2001	0.62150	0.18210	0.80360	1.4785	0.2389	0.39950	0.0990	3.0195
2002	0.63810	0.16550	0.80360	1.5660	0.2389	0.33950	0.0600	3.0080
2003	0.66280	0.14080	0.80360	1.5660	0.2411	0.33950	0.1100	3.0602
2004	0.67020	0.13340	0.80360	1.5860	0.2553	0.35950	0.1166	3.1210
2005	0.64860	0.15500	0.80360	1.6261	0.2406	0.36196	0.1316	3.1638
2006	0.67840	0.12520	0.80360	1.7058	0.2376	0.34799	0.1306	3.2256
2007	0.65650	0.14710	0.80360	1.5459	0.2195	0.38170	0.1300	2.2770

Source: Tax department records of various taxing authorities.

Note: Tax rate per \$100 assessed valuation.

CITY OF ALVIN, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
September 30, 2007

Taxpayer	2006 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	1997 Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Walmart	\$ 18,038,900	1	2.3%	\$ 6,087,850	6	1.5%
Home Depot & Home Depot USA Inc	13,093,930	2	1.6%			
Ron-Carter Chrysler	11,955,840	3	1.5%	14,353,180	2	3.4%
Alvin Autoland, Inc.	11,468,910	4	1.4%			0.0%
Weatherford U.S., LP	9,866,220	5	1.2%	7,383,090	4	1.8%
Texas New-Mexico Power Company	9,030,840	6	1.1%	8,739,890	5	2.1%
Texas & Kansas City Cable Partners	6,481,600	7	0.8%			
Southwestern Bell Telephone	5,862,690	8	0.7%	10,613,580	3	2.5%
Highland Square, Ltd.	5,446,340	9	0.7%			0.0%
Rice-Tec, Inc.	4,970,200	10	0.6%			
Franks Casing Crew				2,963,840	8	0.7%
IPOP				20,582,580	1	4.9%
First National Bank of Alvin				2,463,350	7	0.6%
South Bay Properties, Inc.				2,646,470	9	0.6%
Health Trust, Inc				2,353,270	10	0.6%
	<u>96,215,470</u>		<u>11.9%</u>	<u>78,187,100</u>		<u>18.7%</u>
Other taxpayers	<u>700,183,053</u>		<u>88.1%</u>	<u>338,648,910</u>		<u>81.3%</u>
Total Assessed Valuation	<u><u>\$ 796,398,523</u></u>		<u><u>100.0%</u></u>	<u><u>\$ 416,836,010</u></u>		<u><u>100.0%</u></u>

Source: Tax department records of the City.

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

Fiscal Year ended September 30	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 3,349,694	\$ 3,283,072	98.0%	\$ 128,953	\$ 3,412,025	101.9%
1999	3,546,465	3,454,635	97.4%	136,919	3,591,554	101.3%
2000	3,684,711	3,602,262	97.8%	124,280	3,726,542	101.1%
2001	3,928,597	3,789,817	96.5%	99,035	3,888,852	99.0%
2002	4,312,622	4,147,538	96.2%	152,219	4,299,757	99.7%
2003	4,652,307	4,594,434	98.8%	151,854	4,746,288	102.0%
2004	5,090,358	4,896,746	96.2%	162,549	5,059,295	99.4%
2005	5,267,342	5,104,625	96.9%	177,270	5,281,895	100.3%
2006	5,684,983	5,519,795	97.1%	157,488	5,677,283	99.9%
2007	6,291,790	6,117,953	97.2%	159,222	6,277,175	99.8%

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

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation Bonds	Time Warrants	Capital Leases	Revenue Bonds	General Obligation Bonds	Capital Leases
1998	\$ 7,702,654	\$	\$	\$	\$ 14,252,480	\$
1999	7,150,324				13,286,134	
2000	6,515,626				12,259,792	
2001	6,492,738			3,700,000	12,816,008	
2002	9,134,337			10,350,000	11,690,664	
2003	8,797,495		300,670	10,350,000	10,727,505	241,077
2004	8,412,381		229,658	10,240,000	10,697,618	184,140
2005	8,146,667		282,482	10,120,000	9,768,331	176,786
2006	10,313,613		84,675	12,160,000	12,516,386	34,666
2007	10,398,080		265,107	12,025,000	11,206,920	13,697

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

* See the Schedule of Demographic and Economic Statistics for personal income and population data.

Total Primary Government	Percentage of Personal Income *	Per Capita *
\$ 21,955,134	7.06%	\$ 1,142
20,436,458	6.57%	1,063
18,775,418	5.74%	977
23,008,746	6.56%	1,075
31,175,001	8.65%	1,456
30,416,747	8.92%	1,420
29,763,797	7.84%	1,390
28,494,266	7.06%	1,331
35,109,340	7.68%	1,640
33,908,804	7.06%	1,584

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
1998	\$ 7,702,654	\$ 633,859	\$ 7,068,795	1.66%	\$ 368
1999	7,150,324	711,054	6,439,270	1.44%	335
2000	6,515,626	780,528	5,735,098	1.22%	298
2001	6,492,738	892,217	5,600,521	1.13%	262
2002	9,134,337	921,909	8,212,428	1.53%	384
2003	8,797,495	990,668	7,806,827	1.31%	365
2004	8,412,381	455,181	7,957,200	1.26%	372
2005	8,146,667	479,185	7,667,482	1.17%	358
2006	10,313,613	325,660	9,987,953	1.39%	466
2007	10,398,080	346,983	10,051,097	1.26%	469

CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL
ACTIVITIES DEBT
September 30, 2006

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to City</u>	<u>Debt Applicable to City</u>
Brazoria County	\$ 51,745,000	4.77%	\$ 2,468,237
Alvin Independent School District	298,437,200	65.00%	193,984,180
Alvin Community College	19,649,000	65.00%	<u>12,771,850</u>
Total Net Overlapping Debt			209,224,267
City of Alvin			
Debt payable from Ad Valorem Taxes			7,749,537
Debt payable from Water/Sewer Revenues			22,832,514
Debt payable from Sanitation Revenues			<u>248,371</u>
Total Net Direct Debt			30,830,422
Total Direct and Overlapping Net Debt			<u><u>\$ 240,054,689</u></u>
Ratio of total direct and overlapping net debt to 2007 assessed valuation			<u><u>30.14%</u></u>
Direct and Overlapping net debt per capita			<u><u>\$ 10,696</u></u>

Source:
Brazoria County Auditor's Office - Net Bonded Debt
Alvin Independent School District
Alvin Community College

CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$ 40,782,400	\$ 42,493,618	\$ 44,733,362	\$ 46,996,484
Total net debt applicable to limit	<u>7,692,914</u>	<u>7,068,795</u>	<u>6,439,270</u>	<u>5,735,098</u>
Legal debt margin	<u>\$ 33,089,486</u>	<u>\$ 35,424,823</u>	<u>\$ 38,294,092</u>	<u>\$ 41,261,386</u>
Total net debt applicable to the limit as a percentage of debt limit	18.86%	16.63%	14.39%	12.20%

2002	2003	2004	2005	2006	2007
\$ 49,554,141	\$ 53,784,359	\$ 59,647,642	\$ 83,161,407	\$ 90,653,218	\$ 96,616,510
<u>5,850,617</u>	<u>7,877,428</u>	<u>7,806,827</u>	<u>7,374,221</u>	<u>6,940,609</u>	<u>7,031,033</u>
<u>\$ 43,703,524</u>	<u>\$ 45,906,931</u>	<u>\$ 51,840,815</u>	<u>\$ 75,787,186</u>	<u>\$ 83,712,609</u>	<u>\$ 89,585,477</u>
11.81%	14.65%	13.09%	8.87%	7.66%	7.28%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 796,398,523
Add back: exempt real property	<u>169,766,577</u>
Total assessed value	\$ 966,165,100
Debt limit (10% of total assessed value)	96,616,510
Debt applicable to limit:	
General obligation bonds	7,378,016
Less: Amount set aside for repayment of general obligation debt	<u>(346,983)</u>
Total net debt applicable to limit	<u>7,031,033</u>
Legal debt margin	<u>\$ 89,585,477</u>

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

<u>Fiscal Year</u>	<u>Fiscal Year</u>						<u>Coverage</u>
	<u>Water & Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>			
				<u>Principal</u>	<u>Interest</u>		
2000	\$ 5,338,808	\$ 2,210,210	\$ 3,128,598	\$ 994,849	\$ 818,811	1.73	
2001	5,756,706	2,495,442	3,261,264	1,055,244	766,555	1.79	
2002	5,261,825	2,257,614	3,004,211	1,125,344	760,163	1.59	
2003	5,202,315	2,518,769	2,683,546	1,156,616	938,232	1.28	
2004	5,278,796	2,717,189	2,561,607	1,233,053	898,598	1.20	
2005	5,183,862	2,943,051	2,240,811	1,146,810	782,824	1.16	
2006	6,036,003	2,378,938	3,657,065	1,436,945	826,533	1.62	
2007	6,190,290	4,027,507	2,162,783	1,429,846	1,036,558	0.88	

Source: City records - Only 7 years information available

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

Fiscal Year	Population¹	Personal Income¹ (Amount in thousands)	Per Capita Personal Income	Median Age¹	Education Level in Years of Formal Schooling	School Enrollment²	Unemployment Rate³
1998	19,221	\$ 311,111	\$ 16,186	33.0	13.80	11,396	6.30
1999	19,221	311,111	16,186	33.0	13.80	11,408	6.30
2000	19,221	327,065	17,016	33.0	13.75	11,444	6.00
2001	21,413	350,766	16,381	32.3	13.75	11,619	5.70
2002	21,413	360,445	16,833	33.0	13.75	11,760	8.30
2003	21,413	341,131	15,931	33.0	13.75	12,046	8.20
2004	21,413	379,460	17,721	33.0	13.75	12,100	8.20
2005	21,413	403,635	18,850	34.0	13.75	12,600	7.3%
2006	21,413	457,017	21,343	31.4	13.75	14,000	7.3%
2007	21,413	480,593	22,444	32.0	13.75	15,300	8.2%

Sources:

- 1- Alvin Manvel Area Chamber of Commerce; 2000 Census.
- 3- Alvin Independent School District.
- 4- Brazoria County Labor Market Information Website

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

<u>Employer</u>	<u>2007</u>			<u>1998</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alvin Independent School District	1,834	1	34.2%	1,627	1	33.1%
DISH Network	509	2	9.5%			0.0%
Alvin Community College	500	3	9.3%	400	5	8.1%
Solutia, Inc.	494	4	9.2%	600	3	12.2%
Wal-Mart	450	5	8.4%	255	7	5.2%
Ron Carter Automotive	446	6	8.3%	262	6	5.3%
INEOS Olfens & Polymers USA	429	7	8.0%			0.0%
Lyondell/Equistar	315	8	5.9%			0.0%
Team, Inc.	200	9	3.7%	170	9	3.5%
City of Alvin	183	10	3.4%	150	10	3.1%
Amoco Petrochemical				675	2	13.7%
Input/Output				525	4	10.7%
Oxychem Petrochemicals				246	8	5.0%
Total	<u>5,360</u>		<u>100%</u>	<u>4,910</u>		<u>100%</u>

Source: Texas Department of Commerce

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	1998	1999	2000	2001
General government				
Administrative	3	5	5	5
Legal	2	2	2	2
Municipal Court	2	2	2	2
City Secretary	2	2	3	3
Finance	8	10	9	9
City Hall	1	1	1	1
Tax	4			
Public Safety				
Police	58	58	61	61
Fire				2
Fire Marshal				
Humane	2	2	2	2
Culture and Recreation				
Parks	8	8	9.5	10
Building Maintenance				
Economic Development				
Public Works				
Administration & Facility MGMT			3	3
Street	13	13	15	14
Engineering				
Engineering	7	9	8	8
Permits and Inspection	4	4	4	5
Planning		1	1	
Enterprise Fund				
Administration	7	6	7	7
Water, Sewer, WWTP	23	24	23	23
Recycling				
Internal Service Fund	3	3	3	5
Emergency Medical Services	2	2	2	2
Total	149	152	160.5	164

Source: City finance department.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
4	4	4	5.5	5.5	7
2	2	3	2	3	3
2	2	2	2	2	2
3	3	3	3	3	3
7	7	7	6	7	7
1	1	1			
61	67	68	69	70	74
2	2	2.5	2.5	3	3
		1	1	1	1
2	2	2	2	2	2
9.5	9.5	11	9.5	9.5	10.5
		2	1	1	1
				2	2
13	13	13	16	16	17
8	8	11	9	9	9
9	6	3	3	4	4
1	1				
7	7	7	6	7.5	7.5
23	22	23	24	24	24
5	5	5	5	4	4
2	2	2	2	2	2
<u>161.5</u>	<u>163.5</u>	<u>170.5</u>	<u>168.5</u>	<u>175.5</u>	<u>183</u>

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

Function	1998	1999	2000	2001
Police				
Physical arrests	1,793	1,795	1,928	2,005
Traffic violations	n/a	n/a	n/a	2,737
Fire				
Number of calls answered	495	593	633	549
Inspections	n/a	n/a	n/a	n/a
Highways and streets				
Sanitation				
Monthly residential pickups	4,643	4,658	4,693	4,734
Commercial Containers	729	735	748	775
Culture and recreation				
Athletic Fields	12	12	19	19
Water				
New connections	115	82	62	101
Total number of water connects	5,431	5,513	5,575	5,676
Average daily consumption (thousands of gallons)	2.541 MGD.	2.541 MGD.	2.541 MGD.	2.496 MGD.
Sewer				
Average daily sewage treatment (thousands of gallons)	3.000 MGD	3.000 MGD.	3.000 MGD.	3.150 MGD.

Source: Various City departments.

Note: Indicators are not available for the general government function.

2002	2003	2004	2005	2006	2007
2,136	2,388	2,351	2,506	2,627	1,557
3,476	4,118	2,840	2,378	1,936	2,620
612	579	626	710	724	712
n/a	694	673	634	747	876
4,766	4,846	4,819	4,903	5,042	5,147
788	765	792	797	602	781
21	21	21	21	21	21
87	26	170	96	237	154
5,763	5,789	5,959	6,055	6,975	7,129
2.496 MGD.	2.496 MGD.	2.311 MGD.	2.350 MGD.	2.287 MGD.	2.226 MGD.
3.150 MGD.	3.150 MGD.	3.250 MGD.	3.500 MGD.	2.395 MGD.	3.000 MGD.

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

Function	1998	1999	2000	2001
Public safety				
Police:				
Stations	1	1	1	1
Police units	31	31	31	31
Fire				
Fire stations	2	2	2	2
Volunteers	60	60	54	54
Highways and streets				
Streets (miles)	113	113	113	113
Culture and recreation				
Parks acreage	83.7	83.7	83.7	83.7
Parks	13	13	13	13
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	4	4	4	5
Water mains (miles)	161.50	161.50	162.0	162.0
Fire hydrants	598	598	598	603
Maximum daily capacity (thousands of gallons)	4.347 MGD.	4.347 MGD.	4.347 MGD.	4.199 MGD.
Sewer				
Sanitary sewers (miles)	111.0	111.0	111.0	100.0
Storm sewers (miles)	28.5	28.5	29.0	29.0
Maximum daily treatment capacity (thousands of gallons)	10.749 MGD.	10.749 MGD.	10.749 MGD.	15.000 MGD.

Source: Various City departments.

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

2002	2003	2004	2005	2006	2007
1	1	1	1	1	1
31	35	35	32	32	35
2	2	2	2	2	2
62	63	61	63	57	61
113	113	169	192	178	178
83.7	83.7	88.0	88.0	91.0	108.0
13	13	13	13	15	15
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
162	170	175	137	142	145
603	603	785	891	876	901
2.496 MGD.	2.496 MGD.	2.311 MGD.	2.496 MGD.	2.496 MGD.	2.496 MGD.
100.0	106.0	110.0	135.0	138.0	140.0
29.0	29.0	29.0	35.0	38.0	50.0
15.000 MGD.	15.000 MGD.	15.000 MGD.	15.000 MGD.	15.000 MGD.	15.000 MGD.