

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT



City of Alvin, Texas

Fiscal Year ended September 30, 2009

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF ALVIN, TEXAS

Year Ended
September 30, 2009

Officials Issuing Report:

**Paul A. Horn
City Manager**

**Suzy Kou
Finance Director**

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CITY OF ALVIN, TEXAS

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INTRODUCTORY SECTION

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CITY OF ALVIN

216 WEST SEALY • ALVIN, TEXAS 77511 • 281-388-4212 • FAX: 281-331-7215

March 30, 2010

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

The Comprehensive Annual Financial Report (“CAFR”) of the City of Alvin, Texas (the “City”) for the fiscal year ended September 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

In developing and evaluating the City’s accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City’s current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City’s charter, the financial statements have been audited by Belt Harris & Associates, LLLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended September 30, 2009 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’s financial statements for fiscal year ended September 30, 2009 are presented in conformity with generally accepted accounting principles (GAAP).

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

PROFILE OF THE GOVERNMENT

The City of Alvin is located in the southern part of 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 three-year staggered terms. The mayor is elected to serve a three-year term. Five of the council members are elected by single member districts. The Mayor and two remaining council members are elected at large.

The City 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 77 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 81.

ECONOMIC CONDITION AND OUTLOOK

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 premier 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 2008, Alvin Community College just completed a \$20,000,000 Science / Health Science building to expand its quality nursing program. Alvin High School has completed its multi-phase program to replace all of its existing buildings with new buildings. The campus is now second to none in the area. A new Junior High has also been built and opened in September 2008.

The intersection of Highway 6 and 35 Bypass is developing quickly. An Office Depot is almost completed next to Home Depot including two new retail pad sites. Across the Bypass in a new retail complex, Alvin Crossing, a new Walgreen's and Burger King are the first of several stores to be developed. Across Highway 6 in a new retail complex, Palais Royal and a Hibbett Sports are scheduled to be completed next year.

The City has completed its new Fire Station #3, which along with extending water mains over the past several years, has allowed the City to seek a Public Protection Classification rating of 3- up from its current Classification of 5. This new rating will reduce insurance rates for all Alvin residents and businesses.

Alvin is also working with the Port of Freeport to establish a second Free Trade Zone in our City. These, along with our excellent highway and railroad infrastructure, will position Alvin to become a sought after light industrial and distribution center City.

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 2008-09, the City permitted 52 new homes and anticipating approximately 50 new homes to be built in 2009-10. 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.

TIRZ #2 was formed in 2003 for the development of the Kendall Lakes subdivision. Construction on the first four subdivision sections began in February 2006 with construction of homes beginning in early 2008. Approximately 70% of the property tax derived from the incremental improvements will be used by the developer for the construction of public infrastructure. Thirty percent will be directed to the City for Administrative, Police, and Emergency Services. The City will also receive construction Impact Fees and residential water and sewer service fees. This development has reserved about 30% of its area for commercial development.

A major positive impact to the City is 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. The City completed the storage tank in 2008 and completed the upgrade on the treatment plant in 2009. Council has appropriated funds for our ongoing replacement of aging iron water lines and sewer collection lines. These projects will also be completed in 2009.

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.

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, 2008. This was the twenty fourth 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.

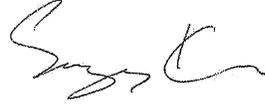
In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient as 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

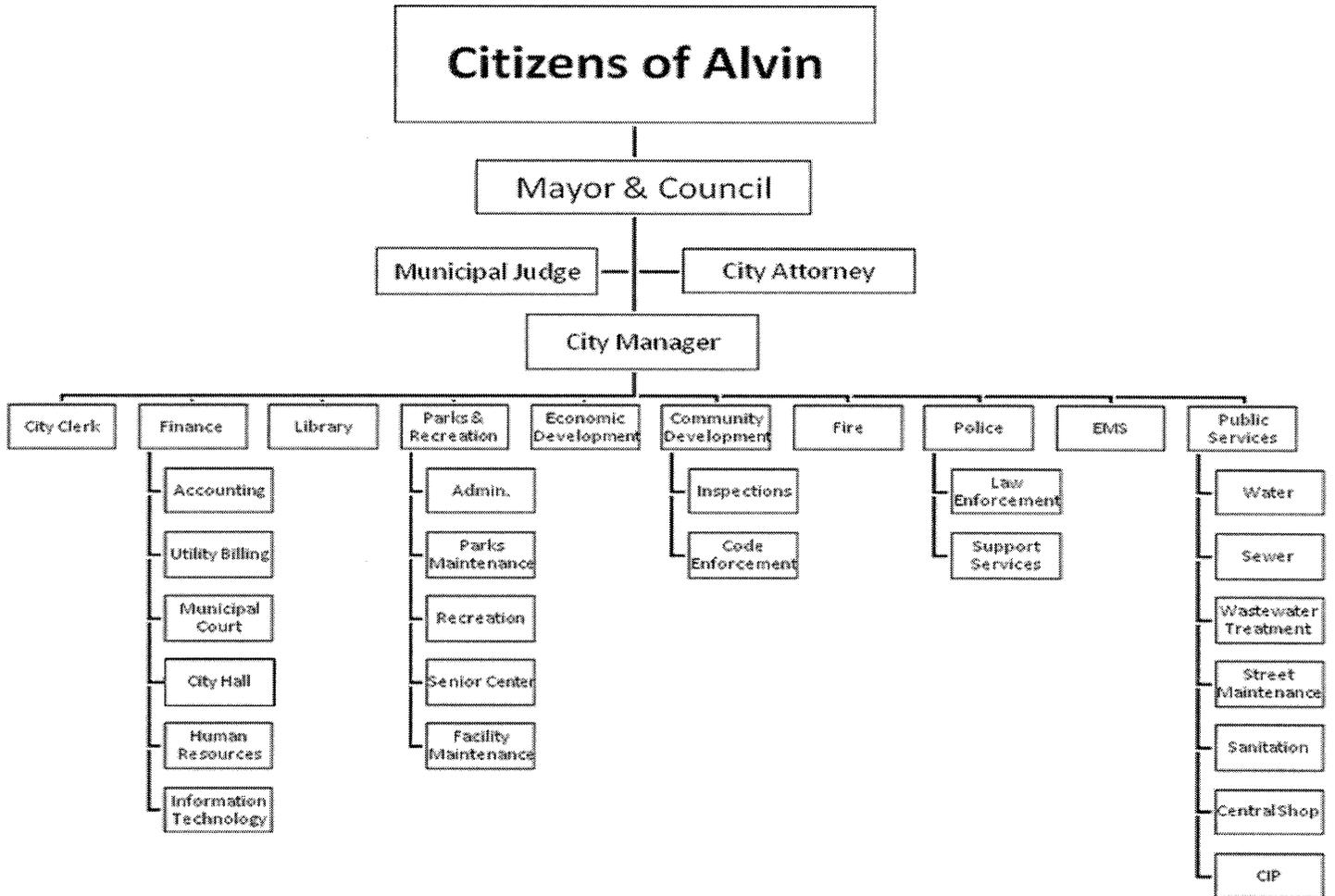


Suzy Kou
Finance Director

CITY OF ALVIN, TEXAS

ORGANIZATIONAL CHART

September 30, 2009



CITY OF ALVIN, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*

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, 2008

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.



A handwritten signature in black ink, appearing to read "M. L. R. R.", written over the printed name.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer", written over the printed name.

Executive Director

CITY OF ALVIN, TEXAS

PRINCIPAL OFFICIALS

September 30, 2009

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Gary Appelt	Mayor	2011
Kerry Collins-Leggett	Council Member - District A	2010
Eileen Cross	Council Member - District B	2012
Jim Landriault	Council Member - District C	2012
Roger E. Stuksa	Council Member - District D	2010
Greg Bullard	Council Member - District E	2011
Charles Batty, III	Council Member - At Large 1	2012
Eddie Murray	Council Member - At Large 2	2010

<u>Key Staff</u>	<u>Position</u>
Paul A Horn	City Manager
Thomas W. Peebles	City Clerk
Suzy Kou	Finance Director
Donna Starkey	Municipal Court Judge
Bobbi Kacz	City Attorney
Rex Klesel	Fire Chief
David Kocurek	Director of Public Works
Michelle Holley-Lira	Director of Community Development
Michael Merkel	Police Chief
Ed Hersch	Director of Parks & Recreation
Ron Schmitz	EMS Director
Abel R. Longoria	EMS Medical Director
Larry Buehler	Director of Economic Development

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
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 (the "City"), as of and for the year ended September 30, 2009, 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'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and pension information 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's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules have been subjected to 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 and statistical sections 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.

The logo features the letters 'B', 'H', and 'A' in a large, elegant, cursive script. The word 'BELT' is written in a smaller, sans-serif font directly below the 'B'. The word 'HARRIS &' is written in a smaller, sans-serif font between the 'H' and 'A'. The word 'ASSOCIATES, LLLP' is written in a smaller, sans-serif font directly below the 'A'.

Belt Harris & Associates, LLLP
Certified Public Accountants
Houston, Texas
March 30, 2010

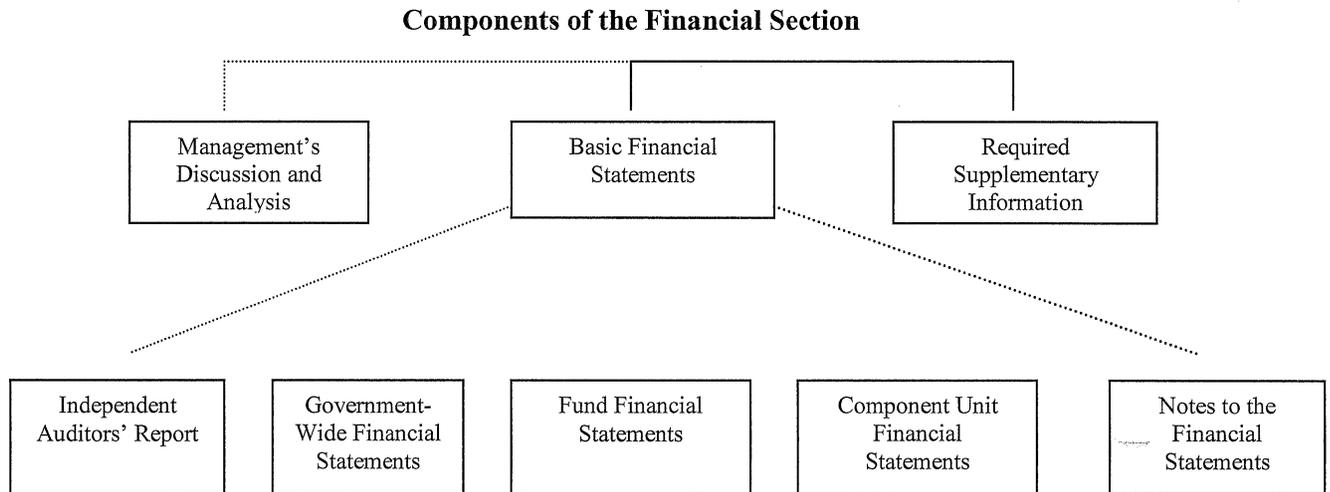
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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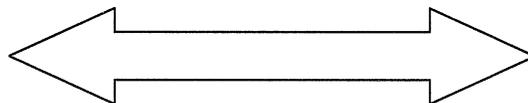
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
For The Year Ended September 30, 2009

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Alvin, Texas (the "City") for the year ending September 30, 2009. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



Summary



Detail

The comprehensive annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

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

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For The Year Ended September 30, 2009

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Assets and the Statement of Activities divide the City into two classes of activities:

1. **Governmental Activities** - Most of the City's basic services are reported here including police and fire protection, municipal court, streets, drainage, leisure services, community development and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines and permit fees finance most of these activities.
2. **Business-type Activities** - Services involving a fee for those services are reported here. These services include the City's water and sewer services, solid waste collection as well as emergency medical services.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the sales tax capital project fund, which are considered to be

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For The Year Ended September 30, 2009

major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, sanitation, and emergency medical services. The proprietary fund financial statements provide separate information for the water and sewer system, sanitation, and emergency medical services. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses internal service funds to account for its equipment replacement, equipment maintenance and vehicle replacement services. These internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

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

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the RSI. Combining and individual fund statements and schedules can be found on pages 83 through 102 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by \$54,028,362 as of September 30, 2009. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending September 30, 2009. The largest portion of the City's net assets, 57 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2009

Statement of Net Assets:

The following table reflects the condensed Statement of Net Assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 15,590,823	\$ 15,645,140	\$ 11,985,609	\$ 14,513,059	\$ 27,576,432	\$ 30,158,199
Capital assets, net	32,960,765	33,948,801	28,761,561	28,662,322	61,722,326	62,611,123
Total Assets	48,551,588	49,593,941	40,747,170	43,175,381	89,298,758	92,769,322
Long-term liabilities	10,595,350	9,851,075	21,600,412	21,645,468	32,195,762	31,496,543
Other liabilities	1,286,873	3,273,424	1,787,761	4,700,418	3,074,634	7,973,842
Total Liabilities	11,882,223	13,124,499	23,388,173	26,345,886	35,270,396	39,470,385
Net Assets:						
Invested in capital assets, net of related debt	23,625,720	24,683,114	7,281,665	10,094,821	30,907,385	34,777,935
Restricted	8,162,397	5,412,521	805,076	861,202	8,967,473	6,273,723
Unrestricted	4,881,248	6,373,807	9,272,256	5,873,472	14,153,504	12,247,279
Total Net Assets	\$ 36,669,365	\$ 36,469,442	\$ 17,358,997	\$ 16,829,495	\$ 54,028,362	\$ 53,298,937

A portion of the City's net assets, \$8,967,473 or 17 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$14,153,504 or 26 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$729,425 during the current fiscal year. This increase is largely the result of an increase in program revenues.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2009

Statement of Activities:

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

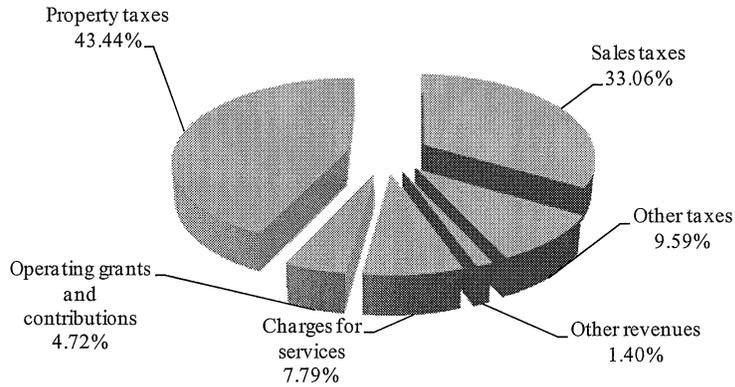
CHANGES IN NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities		Primary	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 1,271,051	\$ 1,265,209	\$ 9,778,445	\$ 9,360,406	\$ 11,049,496	\$ 10,625,615
Operating grants and contributions	770,851	434,842	1,643,163	1,343,767	2,414,014	1,778,609
General revenues:						
Property taxes	7,088,549	7,135,500	-	-	7,088,549	7,135,500
Sales taxes	5,395,694	5,754,038	-	-	5,395,694	5,754,038
Other taxes	1,564,194	1,332,828	-	-	1,564,194	1,332,828
Other Revenues	228,440	749,231	103,448	554,604	331,888	1,303,835
Total Revenues	<u>16,318,779</u>	<u>16,671,648</u>	<u>11,525,056</u>	<u>11,258,777</u>	<u>27,843,835</u>	<u>27,930,425</u>
Expenses						
General government	4,618,306	3,397,176	-	-	4,618,306	3,397,176
Public safety	6,828,195	5,885,390	-	-	6,828,195	5,885,390
Public services	1,195,696	3,697,371	-	-	1,195,696	3,697,371
Community services	2,110,567	1,048,489	-	-	2,110,567	1,048,489
Culture, parks, and recreation	1,624,889	1,827,931	-	-	1,624,889	1,827,931
Library	12,160	-	-	-	12,160	-
Interest on long-term debt	255,366	320,272	-	-	255,366	320,272
Water and sewer	-	-	5,324,261	5,048,607	5,324,261	5,048,607
Sanitation	-	-	3,811,391	3,032,494	3,811,391	3,032,494
EMS	-	-	1,333,579	1,015,022	1,333,579	1,015,022
Total Expenses	<u>16,645,179</u>	<u>16,176,629</u>	<u>10,469,231</u>	<u>9,096,123</u>	<u>27,114,410</u>	<u>25,272,752</u>
Change in Net Assets before Transfers	(326,400)	495,019	1,055,825	2,162,654	729,425	2,657,673
Transfers	526,323	(10,449)	(526,323)	10,449	-	-
Change in Net Assets	199,923	484,570	529,502	2,173,103	729,425	2,657,673
Beginning Net Assets	36,469,442	35,984,872	16,829,495	14,656,392	53,298,937	50,641,264
Ending Net Assets	<u>\$ 36,669,365</u>	<u>\$ 36,469,442</u>	<u>\$ 17,358,997</u>	<u>\$ 16,829,495</u>	<u>\$ 54,028,362</u>	<u>\$ 53,298,937</u>

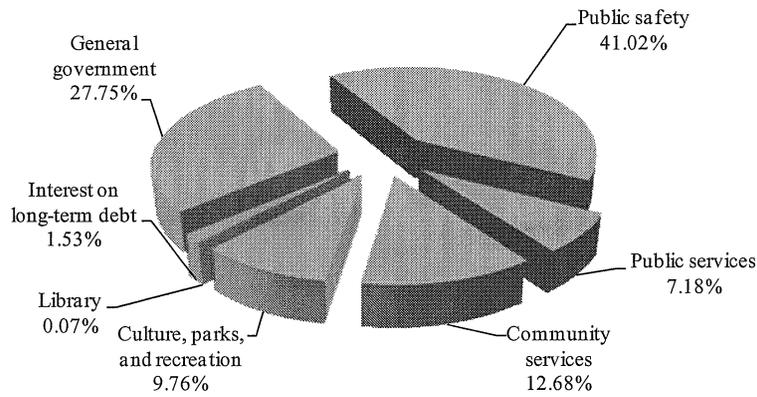
CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2009

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

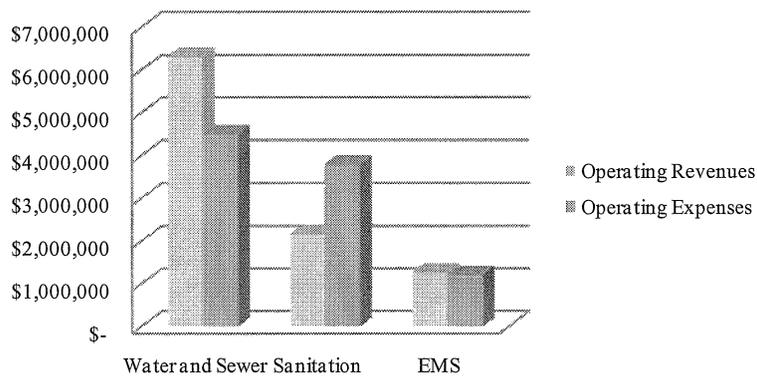
Governmental Revenues



Governmental Expenses



Business-type Activities



CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For The Year Ended September 30, 2009

For the year ended September 30, 2009, revenues from governmental activities totaled \$16,318,779, which is comparable to the prior year. This represents a slight decrease of \$352,869 from last year.

For the year ended September 30, 2009, expenses for governmental activities totaled \$16,645,179. Overall governmental expenses increased by three percent.

Operating revenues and expenses for business-type activities were comparable to those of the prior year. Charges for services increased by \$418,039, or four percent, because of higher water consumption levels over the prior year. Operating grants and contributions increased by \$299,396 or 22 percent because of Hurricane Ike reimbursements.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$12,938,514. Of this, \$556,130 is reserved for encumbrances, \$567 for inventories, \$20,971 for prepaid expenditures, \$789,678 for debt service, and \$50,000 for perpetual care.

There was a net increase in the combined fund balance of \$154,181 compared to the prior year.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$4,560,653, while total fund balance reached \$5,191,545. 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, undesignated fund balance represents 37 percent of the total general fund expenditures, while total fund balance represents 43 percent of the total general fund expenditures. The general fund demonstrated an overall decrease of \$339,094 primarily due to a increase in expenditures related to capital projects and park beautification.

The debt service fund has a total fund balance of \$374,250, all of which is reserved for the payment of debt service. The net increase in the fund balance during the current year in the debt service fund was \$55,096. This planned increase can be attributed to the decrease in overall debt payments.

The sales tax capital projects fund recorded an increase of \$2,137,433 in fund balance. This is primarily due to a decrease in the number of projects engaged during the current year.

Proprietary Funds - The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$549,584 in the general fund. However, the net change in fund balance decreased by \$339,094, resulting in a positive variance of \$210,490 from budgeted as amended over actual.

Actual general fund revenues were less than original and amended budgeted revenues by \$144,502 during 2009. This variance includes negative variances of \$157,341 for sales tax revenue, \$233,118 for licenses and permits revenue, and \$185,015 for investment revenue.

Actual expenditures were less than budgeted amounts by \$354,701 for the fiscal year. The greatest positive variance was in public services as a result of a decline in operational expenditures.

CAPITAL ASSETS

At the end of the current year, the City's governmental activities funds had invested \$32,960,765 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$988,036. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with a net increase in depreciation expense of \$1,137,921.

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

- Public safety vehicles and equipment for \$792,294
- Accounting software for \$94,974
- Drainage improvements for \$168,147

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$30,875,000. Of this amount, \$9,500,000 was general obligation debt, \$11,345,000 as revenue bond debt, and certificates of obligation accounted for \$10,030,000.

During the year, the City had a net reduction in the long-term debt of \$2,489,156. The City did not issue any new debt this year.

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

Current underlying ratings on debt issues are as follows:

	Moody's	
	Investors	Standard and
	Service	Poor's
Water revenue bonds	<u> </u> A2	<u> </u> A+

CITY OF ALVIN, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For The Year Ended September 30, 2009

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2009 certified taxable value is \$921,511,600, up one percent from the previous year. The unemployment rate for the City of Alvin area is currently 8.3 percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the City's budget for the 2009-2010 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City'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.

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BASIC FINANCIAL STATEMENTS

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CITY OF ALVIN, TEXAS

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 9,885,621	\$ 7,594,257	\$ 17,479,878
Investments	2,270,580	1,008,244	3,278,824
Receivables, net of allowances	2,944,554	1,878,362	4,822,916
Inventory	77,885	58,480	136,365
Prepays and other assets	26,748	5,912	32,660
Deferred charges	385,435	535,134	920,569
Restricted assets:			
Temporarily restricted-cash and cash equivalents	-	905,220	905,220
Permanently restricted- cash and cash equivalents	-	-	-
	15,590,823	11,985,609	27,576,432
Capital assets:			
Non-depreciable capital assets	4,486,805	6,593,070	11,079,875
Depreciable capital assets, net	28,473,960	22,168,491	50,642,451
	32,960,765	28,761,561	61,722,326
Total Assets	48,551,588	40,747,170	89,298,758
Liabilities			
Accounts payable and accrued liabilities	853,631	1,454,041	2,307,672
Unearned revenue	298,838	-	298,838
Accrued bond interest	134,404	333,720	468,124
	1,286,873	1,787,761	3,074,634
Long-Term Liabilities:			
Due within one year	2,112,301	1,600,077	3,712,378
Due in more than one year	8,483,049	20,000,335	28,483,384
	10,595,350	21,600,412	32,195,762
Total Liabilities	11,882,223	23,388,173	35,270,396
Net Assets			
Invested in capital assets, net of related debt	23,625,720	7,281,665	30,907,385
Restricted for:			
Perpetual care:			
Expendable	408,417	-	408,417
Nonexpendable	50,000	-	50,000
Debt service	789,678	805,076	1,594,754
Special revenue projects	1,015,352	-	1,015,352
Capital projects	5,898,950	-	5,898,950
Unrestricted	4,881,248	9,272,256	14,153,504
Total Net Assets	\$ 36,669,365	\$ 17,358,997	\$ 54,028,362

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 4,618,306	\$ 98,718	\$ 770,851
Public safety	6,828,195	1,092,685	-
Public services	1,195,696	-	-
Community services	2,110,567	79,648	-
Culture, parks, and recreation	1,624,889	-	-
Library	12,160	-	-
Interest on long-term debt	255,366	-	-
Total Governmental Activities	16,645,179	1,271,051	770,851
Business-type Activities			
Water and sewer	5,324,261	6,325,404	183,775
Sanitation	3,811,391	2,174,386	1,296,953
EMS	1,333,579	1,278,655	162,435
Total Business-Type Activities	10,469,231	9,778,445	1,643,163
Total Primary Government	\$ 27,114,410	\$ 11,049,496	\$ 2,414,014

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,748,737)	\$ -	\$ (3,748,737)
(5,735,510)	-	(5,735,510)
(1,195,696)	-	(1,195,696)
(2,030,919)	-	(2,030,919)
(1,624,889)	-	(1,624,889)
(12,160)	-	(12,160)
(255,366)	-	(255,366)
<u>(14,603,277)</u>	<u>-</u>	<u>(14,603,277)</u>
-	1,184,918	1,184,918
-	(340,052)	(340,052)
-	107,511	107,511
<u>-</u>	<u>952,377</u>	<u>952,377</u>
<u>(14,603,277)</u>	<u>952,377</u>	<u>(13,650,900)</u>
7,088,549	-	7,088,549
5,395,694	-	5,395,694
1,535,710	-	1,535,710
28,484	-	28,484
131,885	88,820	220,705
96,555	14,628	111,183
526,323	(526,323)	-
<u>14,803,200</u>	<u>(422,875)</u>	<u>14,380,325</u>
199,923	529,502	729,425
<u>36,469,442</u>	<u>16,829,495</u>	<u>53,298,937</u>
<u>\$ 36,669,365</u>	<u>\$ 17,358,997</u>	<u>\$ 54,028,362</u>

CITY OF ALVIN, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Debt Service	Sales Tax Capital Projects	Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,163,747	\$ 374,238	\$ 4,443,860	\$ 2,440,872
Investments	2,270,580	-	-	-
Receivables, net	2,080,062	100,863	714,658	26,953
Prepaid items	15,044	-	5,777	150
Inventory	567	-	-	-
Total Assets	\$ 6,530,000	\$ 475,101	\$ 5,164,295	\$ 2,467,975
Liabilities and Fund Balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 507,185	\$ -	\$ 214,235	\$ 45,316
Due to others	57,833	-	-	-
Due to other funds	352,812	-	-	-
Deferred revenue	420,625	100,851	-	-
Total Liabilities	1,338,455	100,851	214,235	45,316
Fund Balances:				
Reserved for:				
Encumbrances	199,853	-	352,270	4,007
Inventories	567	-	-	-
Prepaid expenditures	15,044	-	5,777	150
Debt service	415,428	374,250	-	-
Perpetual care	-	-	-	50,000
Unreserved, undesignated, reported in:				
General fund	4,560,653	-	-	-
Special revenue funds	-	-	-	1,011,195
Capital projects funds	-	-	4,592,013	948,890
Permanent fund	-	-	-	408,417
Total Fund Balances	5,191,545	374,250	4,950,060	2,422,659
Total Liabilities and Fund Balances	\$ 6,530,000	\$ 475,101	\$ 5,164,295	\$ 2,467,975

Total Fund Balance, Governmental Funds

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

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

Capital assets, non-depreciable

Capital assets, net depreciable

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

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.

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

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for issuance costs

Net Assets of Governmental Activities

See Notes to Financial Statements.

Total

\$ 9,422,717
2,270,580
2,922,536
20,971
567
\$ 14,637,371

\$ 766,736
57,833
352,812
521,476
1,698,857

556,130
567
20,971
789,678
50,000

4,560,653
1,011,195
5,540,903
408,417
12,938,514

4,486,805
27,259,951

298,838

2,009,321

(134,404)
(2,094,072)
(8,481,024)
385,435

\$ 36,669,365

CITY OF ALVIN, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Other Governmental Funds</u>
Revenues				
Property taxes	\$ 5,980,679	\$ 1,361,391	\$ -	\$ -
Sales taxes	1,798,469	-	3,597,225	-
Franchise fees and taxes	1,282,303	-	-	253,407
Other taxes	28,484	-	-	-
Licenses and permits	611,082	-	-	-
Fines and forfeitures	463,170	-	-	18,433
Charges for service	122,692	-	-	55,674
Intergovernmental	671,420	-	-	77,413
Investment revenue	59,985	345	14,167	32,390
Other revenue	-	-	43,559	20,093
Total Revenues	<u>11,018,284</u>	<u>1,361,736</u>	<u>3,654,951</u>	<u>457,410</u>
Expenditures				
Current:				
General government	3,279,112	-	-	5,467
Public safety	6,029,718	-	-	36,760
Public services	777,418	-	-	-
Community services	249,540	-	966,299	145,696
Culture, parks, and recreation	1,355,683	-	-	13,823
Library	-	-	-	12,160
Capital outlay	521,186	-	1,728,521	386,548
Debt service:				
Principal	-	920,557	90,954	27,280
Interest and fiscal agent fees	-	386,083	20,148	6,544
Total Expenditures	<u>12,212,657</u>	<u>1,306,640</u>	<u>2,805,922</u>	<u>634,278</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,194,373)</u>	<u>55,096</u>	<u>849,029</u>	<u>(176,868)</u>
Other Financing Sources (Uses)				
Transfers in	849,336	-	1,582,608	89,031
Transfers (out)	(89,031)	-	(294,204)	(1,611,417)
Capital leases	94,974	-	-	-
Total Other Financing Sources (Uses)	<u>855,279</u>	<u>-</u>	<u>1,288,404</u>	<u>(1,522,386)</u>
Net Change in Fund Balance	<u>(339,094)</u>	<u>55,096</u>	<u>2,137,433</u>	<u>(1,699,254)</u>
Beginning Fund Balances	<u>5,530,639</u>	<u>319,154</u>	<u>2,812,627</u>	<u>4,121,913</u>
Ending fund balances	<u>\$ 5,191,545</u>	<u>\$ 374,250</u>	<u>\$ 4,950,060</u>	<u>\$ 2,422,659</u>

See Notes to Financial Statements.

Total

\$ 7,342,070
5,395,694
1,535,710
28,484
611,082
481,603
178,366
748,833
106,887
63,652

16,492,381

3,284,579
6,066,478
777,418
1,361,535
1,369,506
12,160
2,636,255

1,038,791
412,775

16,959,497

(467,116)

2,520,975
(1,994,652)
94,974

621,297

154,181

12,784,333

\$ 12,938,514

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CITY OF ALVIN, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2009

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

Net changes in fund balances - total governmental funds	\$ 154,181
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	244,859
Depreciation expense	(1,137,922)
<p>The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Net Assets.</p>	
Principal payments	1,026,475
Amortization of bond issuance costs, premiums, and discounts	166,753
Capital leases	(94,974)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	(253,521)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(84,034)
Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.	178,106
Change in Net Assets of Governmental Activities	\$ 199,923

See Notes to Financial Statements.

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2009

Business-Type Activities-Enterprise Funds

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Emergency Medical Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and cash equivalents	\$ 7,100,117	\$ 280,298	\$ 213,842	\$ 7,594,257
Investments	1,008,244	-	-	1,008,244
Accounts receivable (net of allowance for uncollectibles)	921,543	243,922	712,897	1,878,362
Inventory	58,480	-	-	58,480
Prepaid items	5,912	-	-	5,912
Due from other funds	-	-	-	-
Total Current Assets	<u>9,094,296</u>	<u>524,220</u>	<u>926,739</u>	<u>10,545,255</u>
Noncurrent Assets:				
Restricted cash, cash equivalents and investments:				
Construction	144	-	-	144
Current portion of revenue bonds	805,076	-	-	805,076
Customer deposits	100,000	-	-	100,000
Total Restricted Assets	<u>905,220</u>	<u>-</u>	<u>-</u>	<u>905,220</u>
Deferred charges	532,224	2,910	-	535,134
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	37,466,815	15,342	-	37,482,157
Equipment	900,431	-	203,550	1,103,981
Construction in progress	5,151,703	-	-	5,151,703
Less allowance for depreciation	<u>(23,213,777)</u>	<u>(1,542,925)</u>	<u>(470,889)</u>	<u>(25,227,591)</u>
Total Capital Assets (Net)	<u>26,766,534</u>	<u>1,667,064</u>	<u>327,963</u>	<u>28,761,561</u>
Total Noncurrent Assets	<u>28,203,978</u>	<u>1,669,974</u>	<u>327,963</u>	<u>30,201,915</u>
Total Assets	<u>\$ 37,298,274</u>	<u>\$ 2,194,194</u>	<u>\$ 1,254,702</u>	<u>\$ 40,747,170</u>

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 462,904
-

22,018

65,856

5,777

352,812

909,367

-

-

-

-

-

-

7,754

-

-

2,969,749

-

(1,790,654)

1,186,849

1,186,849

\$ 2,096,216

CITY OF ALVIN, TEXAS
STATEMENT OF NET ASSETS (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2009

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 308,228	\$ 153,734	\$ 49,119	\$ 511,081
Customer deposits	942,960	-	-	942,960
Accrued interest payable	331,421	2,299	-	333,720
Other payables	-	-	-	-
Due to other funds	-	-	-	-
	Total Current Liabilities	156,033	49,119	1,787,761
Noncurrent liabilities:				
Long-term debt due within one year	1,558,444	13,152	28,481	1,600,077
Long-term debt due in more than one year	19,799,534	197,637	3,164	20,000,335
	Total Noncurrent Liabilities	210,789	31,645	21,600,412
	Total Liabilities	366,822	80,764	23,388,173
Net Assets				
Invested in capital assets, net of related debt	5,503,950	1,449,752	327,963	7,281,665
Restricted for:				
Debt service	805,076	-	-	805,076
Unrestricted net assets	8,048,661	377,620	845,975	9,272,256
	Total Net Assets	\$ 1,827,372	\$ 1,173,938	\$ 17,358,997

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 86,895

-

-

-

-

86,895

-

-

-

86,895

1,186,849

-

822,472

\$ 2,009,321

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2009

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Operating Revenues</u>				
Water service	\$ 3,042,966	\$ -	\$ -	\$ 3,042,966
Sewer service	3,059,513	-	-	3,059,513
Sanitation service	-	2,173,621	-	2,173,621
Emergency medical service	-	-	1,269,753	1,269,753
Charges for service	-	-	-	-
Other revenue	222,925	765	8,902	232,592
Total Operating Revenues	6,325,404	2,174,386	1,278,655	9,778,445
<u>Operating Expenses</u>				
Water service	1,239,988	-	-	1,239,988
Sewer service	2,124,691	-	-	2,124,691
Sanitation service	-	3,734,043	-	3,734,043
Emergency medical service	-	-	1,177,291	1,177,291
Personnel services	-	-	-	-
Supplies	-	-	-	-
Depreciation	1,145,429	67,661	35,675	1,248,765
Total Operating Expenses	4,510,108	3,801,704	1,212,966	9,524,778
Operating Income (Loss)	1,815,296	(1,627,318)	65,689	253,667
<u>Nonoperating Revenues (Expenses)</u>				
Intergovernmental	183,775	1,296,953	162,435	1,643,163
Gain on sale of capital assets	14,628	-	-	14,628
Investment revenue	81,218	5,627	1,975	88,820
Interest and fiscal agent fees	(814,153)	(9,687)	-	(823,840)
Bad debt expense	-	-	(120,613)	(120,613)
Capital contributions	-	-	-	-
Total Nonoperating Revenues (Expenses)	(534,532)	1,292,893	43,797	802,158
Income (Loss) Before Transfers	1,280,764	(334,425)	109,486	1,055,825
<u>Transfers In (Out)</u>				
Transfers in	62,771	-	-	62,771
Transfers (out)	(357,238)	(197,641)	(34,215)	(589,094)
Total Transfers	(294,467)	(197,641)	(34,215)	(526,323)
Change in Net Assets	986,297	(532,066)	75,271	529,502
Beginning net assets	13,371,390	2,359,438	1,098,667	16,829,495
Ending Net Assets	\$ 14,357,687	\$ 1,827,372	\$ 1,173,938	\$ 17,358,997

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Funds**

\$	-
	-
	-
	-
	893,988
	-
	<hr/> 893,988
	-
	-
	-
	-
	231,732
	280,602
	<hr/> 348,753
	861,087
	<hr/> 32,901
	22,018
	32,903
	24,998
	-
	-
	<hr/> 65,286
	<hr/> 145,205
	<hr/> 178,106
	-
	-
	-
	<hr/> 178,106
	<hr/> 1,831,215
\$	<hr/> <hr/> 2,009,321

CITY OF ALVIN, TEXAS

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

For the Year Ended September 30, 2009

Business-Type Activities-Enterprise Funds

	Water and Sewer	Sanitation	Emergency Medical Services	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 7,700,507	\$ 4,995,219	\$ 2,789,349	\$ 15,485,075
Payments to suppliers	(3,306,328)	(4,940,241)	(1,178,994)	(9,425,563)
Payments to employees	(1,541,486)	(1,527,405)	(1,524,086)	(4,592,977)
Net Cash Provided (Used) by Operating Activities	2,852,693	(1,472,427)	86,269	1,466,535
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers from other funds	62,771	-	-	62,771
Transfer to other funds	(357,238)	(197,641)	(34,215)	(589,094)
Subsidy from federal grant	183,775	1,296,953	162,435	1,643,163
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(110,692)	1,099,312	128,220	1,116,840
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(1,440,214)	-	(132,366)	(1,572,580)
Proceeds from sale of capital assets	14,628	-	-	14,628
Capital contributions	-	-	-	-
Principal paid on capital debt	(1,725,406)	(14,649)	-	(1,740,055)
Interest payments on long-term debt	(759,303)	(9,104)	-	(768,407)
Insurance proceeds	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,910,295)	(23,753)	(132,366)	(4,066,414)
<u>Cash Flows from Investing Activities</u>				
Proceeds from sale of investments	-	300,093	-	300,093
Purchase of investments	(1,007,724)	-	-	(1,007,724)
Interest on investments	81,218	5,627	1,975	88,820
Net Cash Provided (Used) by Investing Activities	(926,506)	305,720	1,975	(618,811)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,094,800)	(91,148)	84,098	(2,101,850)
Cash and Cash Equivalents, Beginning of Year	10,100,137	371,446	129,744	10,601,327
Ending Cash and Cash Equivalents	\$ 8,005,337	\$ 280,298	\$ 213,842	\$ 8,499,477
Ending Cash and Cash Equivalents:				
Unrestricted cash and cash equivalents	\$ 7,100,117	\$ 280,298	\$ 213,842	\$ 7,594,257
Restricted cash and cash equivalents	905,220	-	-	905,220
	\$ 8,005,337	\$ 280,298	\$ 213,842	\$ 8,499,477

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 972,473
(298,326)
(216,754)

457,393

-
-
22,018

22,018

(288,692)
-
65,286
-
-
-
(223,406)

-
-
24,998

24,998

281,003
181,901
\$ 462,904

\$ 462,904
-

\$ 462,904

CITY OF ALVIN, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2009

	Business-Type Activities-Enterprise Funds			
	Water and Sewer	Sanitation	Emergency Medical Services	Total
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 1,815,296	\$ (1,627,318)	\$ 65,689	\$ 253,667
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation	1,145,429	67,661	35,675	1,248,765
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(180,843)	5,782	(48,129)	(223,190)
Due from other governments	6,606	1,287,646	31,418	1,325,670
Due from other funds	(3,000)	-	-	(3,000)
Inventories	(676)	-	-	(676)
Prepays	(5,912)	-	-	(5,912)
Increase (Decrease) in Current Liabilities:				
Accounts payable	64,939	(1,206,198)	(1,703)	(1,142,962)
Due to other funds	-	-	-	-
Compensated absences	(14,081)	-	3,319	(10,762)
Customer deposits	24,935	-	-	24,935
Net Cash Provided (Used) by Operating Activities	\$ 2,852,693	\$ (1,472,427)	\$ 86,269	\$ 1,466,535

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Funds**

\$ 32,902

348,753

(21,876)

-

270,764

5,404

(5,777)

(17,724)

(170,031)

14,978

-

\$ 457,393

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CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS
For The Year Ended September 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Alvin, Texas (the “City”), was incorporated on July 25, 1893 and adopted the “Home Rule Charter” on February 23, 1963, pursuant to the laws of the State of Texas which provides for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The three Tax Increment Reinvestment Zones (TIRZ), although legally separate, are considered part of the reporting entity. No other entities, organizations, or functions have been included as part of the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended Component Units

Tax Increment Reinvestment Zone Number One

During the fiscal year 2003, the City passed ordinances creating Tax Increment Reinvestment Zone Number One (TIRZ No. 1), in accordance with Section 311.005 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of commercial and residential sites. The TIRZ No. 1 is managed by an eleven member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within the Zone. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

commercial and residential sites completes infrastructure improvements within the TIRZ No. 1, the City takes title to the infrastructure and the TIRZ No. 1 is responsible for reimbursing the developer for the infrastructure costs.

Tax Increment Reinvestment Zone Number Two

During fiscal year 2006, the City passed an ordinance creating a Tax Increment Reinvestment Zone Number Two (TIRZ No. 2), in accordance with Section 311.005 of the Texas Tax Code. The entity was created to provide the financing and management tool needed to facilitate development of the Kendall Lakes area. The TIRZ No. 2 is managed by a twelve member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within the Zone. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the development of the Kendall Lakes area completes infrastructure improvements within the TIRZ No. 2, the City takes title to the infrastructure and the TIRZ No. 2 is responsible for reimbursing the developer for the infrastructure costs.

Tax Increment Reinvestment Zone Number Three

During fiscal year 2004, the City passed an ordinance creating a Tax Increment Reinvestment Zone Number Three (TIRZ No. 3), in accordance with Section 311.005 of the Texas Tax Code. This entity was created to provide the financing and management tool needed to facilitate development of the Savannah Plantation area. The TIRZ No.31 is managed by an eleven member Board of Directors, of which the City Council appoints eight members and the remaining members are appointed by taxing units levying taxes within the Zone. Under this arrangement, increases in property taxes will be utilized to pay for certain infrastructure costs. As the developer of the development of the Savannah Plantation area completes infrastructure improvements within the TIRZ No. 3, the City takes title to the infrastructure and the TIRZ No. 3 is responsible for reimbursing the developer for the infrastructure costs.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain requirements in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City’s activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt** - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

- **Restricted** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

C. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) 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 presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented 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 the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public services, community services, and culture, parks, and recreation.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include hike and bike trail fund, hotel/motel fund, library fund, special investigation fund, municipal court

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

building security fund, municipal court technology fund, juvenile case manager fund, park dedication fund, donation fund, senior fund, TIRZ #1 fund, TIRZ #2 fund, and the TIRZ #3 fund. The special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Funds

The capital projects funds are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The sales tax capital projects fund is considered a major fund for reporting purposes with the bond capital projects fund reported as a nonmajor fund.

Permanent Funds

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

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

Enterprise Funds

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

Additionally, the government reports the following fund types:

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Internal Service Funds

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The central shop fund is used to account for maintenance services. The vehicle replacement fund is used for the replacement of vehicles.

D. Measurement Focus and Basis of Accounting

The government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund types. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The Statements of Net Assets, Statements of Activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

E. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for “money market investments” and “2a7-like pools.” Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools’ share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either “interfund receivables/payables” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

Property taxes

Property taxes are levied during October of each year and are due upon receipt of the City’s tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

3. Inventories and Prepaid Items

Inventories are recorded in the general and enterprise funds, and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	5 to 50 years
Equipment	5 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years

5. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. 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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

sick time. The estimated amount of compensation for services provided that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable, capital leases payable, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Estimates

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

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended. The hike and bike fund, hotel/motel fund, library fund, special investigation fund, municipal court building security fund, municipal court technology fund, donation fund, and juvenile case manager fund are all special revenue funds that have adopted budgets. The cemetery fund is a permanent fund that has an adopted budget.

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

A. Excess of Expenditures Over Appropriations

General Fund	
General Government - Administrative	\$39,491
Transfers	89,031
Special Investigation Fund	
Public Safety	17,740
Building Security Fund	
Public Safety	303
Municipal Court Technology Fund	
Capital Outlay	2,052
Donation Fund	
General Administration	3,467
Public Safety	4,875
Culture, Parks and Recreation	1,823
Library	50
Capital Outlay	3,000
Cemetery Fund	
Transfers (out)	1,833

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2009, market values of pledged securities exceeded bank balances.

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

As of September 30, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 7,968,327	0.85
TexPool	12,031,566	0.00
TexSTAR	5,423,425	0.00
Total fair value	<u>\$ 25,423,318</u>	
Portfolio weighted average maturity		0.27

TexPool

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

TexSTAR

The Texas Short Term Asset Reserve Fund (“TexSTAR”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR are the same as the value of TexPool and TexSTAR shares.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Sales Tax Capital Projects</u>	<u>Nonmajor</u>
Property taxes	\$ 559,668	\$ 141,335	\$ -	\$ -
Sales taxes	285,069	-	569,967	-
Franchise taxes	368,247	-	-	-
Other taxes	-	-	-	26,953
Intergovernmental	988,050	-	144,691	-
Accounts receivable	-	10	-	-
Other receivables	20,975	-	-	-
Less allowance	(141,947)	(40,482)	-	-
	<u>\$ 2,080,062</u>	<u>\$ 100,863</u>	<u>\$ 714,658</u>	<u>\$ 26,953</u>

Proprietary Funds

	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>EMS</u>	<u>Internal Service Funds</u>
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Franchise taxes	-	-	-	-
Other taxes	-	-	-	22,018
Intergovernmental	178,122	3,672	35,700	-
Accounts receivable	766,712	254,386	2,176,944	-
Other receivables	11,644	-	-	-
Less allowance	(34,935)	(14,136)	(1,499,747)	-
	<u>\$ 921,543</u>	<u>\$ 243,922</u>	<u>\$ 712,897</u>	<u>\$ 22,018</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,122,123	\$ -	\$ -	\$ 3,122,123
Construction in progress	1,253,426	168,147	(56,891)	1,364,682
Total capital assets not being depreciated	<u>4,375,549</u>	<u>168,147</u>	<u>(56,891)</u>	<u>4,486,805</u>
Other capital assets:				
Buildings	10,749,862	-	-	10,749,862
Infrastructure	29,596,721	56,891	-	29,653,612
Improvements other than buildings	3,256,847	4,928	-	3,261,775
Machinery and equipment	10,597,085	1,092,438	(1,115,628)	10,573,895
Total other capital assets	<u>54,200,515</u>	<u>1,154,257</u>	<u>(1,115,628)</u>	<u>54,239,144</u>
Less accumulated depreciation for:				
Buildings	(5,212,058)	(440,677)	-	(5,652,735)
Infrastructure	(11,202,010)	(667,827)	-	(11,869,837)
Improvements other than buildings	(1,436,112)	(171,210)	-	(1,607,322)
Machinery and equipment	(6,777,083)	(874,881)	1,016,674	(6,635,290)
Total accumulated depreciation	<u>(24,627,263)</u>	<u>(2,154,595)</u>	<u>1,016,674</u>	<u>(25,765,184)</u>
Other capital assets, net	<u>29,573,252</u>	<u>(1,000,338)</u>	<u>(98,954)</u>	<u>28,473,960</u>
Totals	<u>\$ 33,948,801</u>	<u>\$ (832,191)</u>	<u>\$ (155,845)</u>	<u>32,960,765</u>
			Less associated debt	<u>(9,335,045)</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 23,625,720</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 109,932
Public safety	614,896
Public services	756,080
Community services	51,328
Culture, parks, and recreation	250,648
Internal Service Fund	<u>371,711</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,154,595</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end follows:

Governmental Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Depot Restoration	\$ 161,400	\$ 33,082	\$ 128,318
FM 528 Extension	2,084,874	771,810	1,313,064
Hike and Bike Trail	529,492	49,199	480,293
South Bend Project	90,000	90,000	-
Stadium Drive	100,000	24,800	75,200
Bob Briscoe Park Improvements	967,000	485,790	481,210
	<u>\$ 3,932,766</u>	<u>\$ 1,454,681</u>	<u>\$ 2,478,085</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,441,367	\$ -	\$ -	\$ 1,441,367
Construction in progress	3,828,963	1,322,740	-	5,151,703
Total capital assets not being depreciated	<u>5,270,330</u>	<u>1,322,740</u>	<u>-</u>	<u>6,593,070</u>
Other capital assets:				
Buildings	6,162,457	-	-	6,162,457
Infrastructure	37,482,157	-	-	37,482,157
Improvements other than buildings	2,647,487	-	-	2,647,487
Machinery and equipment	1,077,866	26,115	-	1,103,981
Total other capital assets	<u>47,369,967</u>	<u>26,115</u>	<u>-</u>	<u>47,396,082</u>
Less accumulated depreciation for:				
Buildings	(3,280,773)	(155,002)	-	(3,435,775)
Infrastructure	(18,577,756)	(940,030)	-	(19,517,786)
Improvements other than buildings	(1,441,998)	(67,014)	-	(1,509,012)
Machinery and equipment	(677,448)	(87,570)	-	(765,018)
Total accumulated depreciation	<u>(23,977,975)</u>	<u>(1,249,616)</u>	<u>-</u>	<u>(25,227,591)</u>
Other capital assets, net	<u>23,391,992</u>	<u>(1,223,501)</u>	<u>-</u>	<u>22,168,491</u>
Totals	<u>\$ 28,662,322</u>	<u>\$ 99,239</u>	<u>\$ -</u>	<u>28,761,561</u>
			Less associated debt	<u>(21,479,896)</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 7,281,665</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Depreciation was charged to business-type functions as follows:

Utility	\$ 1,146,280
Sanitation	67,661
Emergency management	<u>35,675</u>
Total Business-type Activities Depreciation Expense	<u><u>\$ 1,249,616</u></u>

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end follows:

Business-Type Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Small Diameter Lines	\$ 255,883	\$ 255,883	\$ -
I & I Reduction Program Construction (TWDB)	2,465,971	1,565,219	900,752
I & I Reduction Program Construction (2006 CO)	400,000	2,943	397,057
WWTP Upgrade 215	865,889	937,725	(71,836)
Wastewater Treatment Plant Upgrade	1,700,000	428,878	1,271,122
Sewer Lines	75,000	67,432	7,568
Northside Elevated Storage Tank	1,987,650	1,893,623	94,027
Sidnor Street Waterline	175,000	-	175,000
	<u><u>\$ 7,925,393</u></u>	<u><u>\$ 5,151,703</u></u>	<u><u>\$ 2,773,690</u></u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 6,516,969	\$ -	\$ (780,557)	\$ 5,736,412 *	\$ 668,744
Certificates of obligation	3,527,784	-	(167,280)	3,360,504 *	213,644
(Less) deferred amounts:					
For issuance discounts/premiums	16,516	-	(3,344)	13,172 *	-
On refunding	(92,559)	-	15,660	(76,899) *	-
Capital lease	392,810	-	(90,954)	301,856 *	95,639
	<u>10,361,520</u>	<u>-</u>	<u>(1,026,475)</u>	<u>9,335,045</u>	<u>978,027</u>
Other liabilities:					
Compensated absences	<u>1,173,299</u>	<u>788,519</u>	<u>(701,513)</u>	<u>1,260,305</u>	<u>1,134,275</u>
Total Governmental Activities	<u>\$ 11,534,819</u>	<u>\$ 788,519</u>	<u>\$ (1,727,988)</u>	<u>\$ 10,595,350</u>	<u>\$ 2,112,301</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 8,483,049</u>
				<u>*Debt associated with governmental activity capital assets</u>	<u>\$ 9,335,045</u>

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Business-type Activities:					
General obligation bonds	\$ 5,093,032	\$ -	\$ (1,329,444)	\$ 3,763,588	* \$ 520,257
Certificates of obligation	6,742,216	-	(72,720)	6,669,496	*
Revenue bonds	11,525,000	-	(180,000)	11,345,000	* 600,000
(Less) deferred amounts:					
For issuance discounts/premiums	(17,855)	-	(822)	(18,677)	* -
On refunding	(323,572)	-	44,061	(279,511)	*
	23,018,821	-	(1,538,925)	21,479,896	1,491,613
Other liabilities:					
Compensated absences	131,278	56,861	(67,623)	120,516	108,464
Total Business-Type Activities	\$ 23,150,099	\$ 56,861	\$ (1,606,548)	\$ 21,600,412	\$ 1,600,077
			Long-term debt due in more than one year	\$ 20,000,335	
				\$ 21,479,896	

*Debt associated with business-type activity capital assets

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

The City's long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation, general 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 property taxes and certain revenues of the City's combined water works and sanitary sewer system. The revenues are pledged to the extent that taxes may be insufficient or unavailable for the payment of the principal and interest on the certificates. Such pledge is, and shall be, junior and subordinate in all respects to the pledge of such net revenues to the payment of any obligation of the City which the City designates as having 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.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Advance Refunding

The City issued Water and Sewer System Revenue and Refunding Bonds, Series 2005 for \$4,965,000, in part to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,765,000 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, 2009, \$2,765,000 of the refunded bonds were outstanding.

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 1998	4.15-4.5%	\$ 80,770
Series 2000	4.1-6.1%	175,000
Series 2002	4.1-6.1%	2,820,000
Series 2002A	3.5-4.0%	630,597
Series 2003	2.0-3.75%	1,296,945
Series 2005 tax note	3.0-3.75%	113,100
Series 2007 tax note	3.99%	620,000
Total General Obligation Bonds		5,736,412
Certificates of Obligation		
Series 2003	1.05-3.75%	185,504
Series 2006A	4.0-4.1%	1,325,000
Series 2006C	4.0-4.1%	1,175,000
Series 2008A	3.89%	675,000
Total Certificates of Obligation		3,360,504
Total Bond and Certificates of Obligation		9,096,916
Capital Leases		
Vacuum truck	5.02%	161,140
Gradall	5.24%	140,716
Total Capital Leases		301,856
Total Governmental Activities Long-Term Debt		\$ 9,398,772

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Description	Interest Rates	Balance
Business-type Activities		
General Obligation Bonds		
Series 1998	4.15-4.5%	\$ 509,230
Series 2002A	3.0-4.0%	824,403
Series 2003 refunding	4.15-5.60%	2,398,055
Series 2005 tax note	3.0-3.75%	31,900
Total General Obligation Bonds		<u>3,763,588</u>
Certificates of Obligation		
Series 2003	1.05-3.75%	494,496
Series 2006B	4.0-4.1%	4,185,000
Series 2008B	4.00%	1,990,000
Total Certificates of Obligation		<u>6,669,496</u>
Revenue Bonds		
Series 2001	1.8-4.20%	6,380,000
Series 2005 refunding	4.0-4.30%	4,965,000
Total Revenue Bonds		<u>11,345,000</u>
Total Bonds and Certificates of Obligation		<u>21,778,084</u>
Total Business-type Activities Long-Term Debt		<u>\$ 21,778,084</u>

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

Year Ending	Governmental Activity		Business-Type Activity	
	Principal	Interest	Principal	Interest
2010	\$ 882,388	\$ 353,217	\$ 1,491,613	\$ 882,913
2011	903,323	317,478	1,505,678	758,575
2012	791,511	284,655	1,612,488	704,869
2013	792,614	254,631	1,551,385	649,028
2014	810,420	223,733	1,498,580	594,031
2015-2019	3,216,660	660,310	5,533,340	2,265,756
2020-2024	1,700,000	124,451	5,005,000	1,247,393
2025-2028	-	-	3,580,000	320,536
Total	<u>\$ 9,096,916</u>	<u>\$ 2,218,475</u>	<u>\$ 21,778,084</u>	<u>\$ 7,423,101</u>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Capital Leases

The annual requirements to amortize capital leases outstanding at year end were as follows:

<u>Year</u> <u>Ending</u>	<u>Governmental Activity</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 95,639	\$ 15,463
2011	100,538	10,564
2012	105,679	5,421
Total	<u>\$ 301,856</u>	<u>\$ 31,448</u>

The assets acquired through capital leases are as follows:

	<u>Governmental</u> <u>Activities</u>
Asset:	
Machinery and equipment	\$ 309,947
Less: Accumulated depreciation	<u>(79,152)</u>
Total	<u>\$ 230,795</u>

Federal Arbitrage

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

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amounts</u>
Vehicle replacement fund	General fund	<u>\$ 352,812</u>

Amounts recorded as “due to/from” are considered to be temporary loans and will be repaid during the following year.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

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

Transfer Out	Transfer In	Amounts
General fund	Nonmajor	\$ 89,031
Nonmajor	Sales tax capital projects fund	1,582,608
Vehicle maintenance fund	Central shop fund	8,970
Sales tax capital projects fund	General fund	294,204
Nonmajor	General fund	28,809
Water and sewer fund	General fund	357,238
Sanitation fund	General fund	134,870
Sanitation fund	Water and sewer fund	62,771
Emergency medical services	General fund	34,215
		\$ 2,592,716

Transfers to the general fund were subsidies for administrative expenditures. Other amounts transferred between funds related to amounts collected by the nonmajor governmental funds for various governmental expenditures.

F. Fund Equity

The City records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditure.

The following is a list of fund balances reserved or designated recognized by the City:

General Fund		
Reserved for encumbrances	\$	199,853
Reserved for inventory		567
Reserved for prepaids		15,044
Reserved for debt service		415,428
 Debt Service Fund		
Reserved for debt service	\$	374,250
 Sales Tax Capital Projects		
Reserved for encumbrances	\$	352,270
Reserved for prepaids		5,777
 Nonmajor Other Governmental Funds		
Reserved for encumbrances	\$	4,007
Reserved for prepaids		150
Reserved for perpetual care		50,000

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,596 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

1. Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8611. In addition, the report is available on TMRS' website at www.TMRS.com.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

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

	<u>2009</u>	<u>2008</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least 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. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This 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.

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

effective for rates beginning January 2009). The annual pension cost and the net pension obligation (asset) are as follows:

	2009	2008	2007
Annual Req. Contrib. (ARC)	\$ 1,024,560	\$ 947,181	\$ 922,325
Contributions Made	<u>1,024,560</u>	<u>947,181</u>	<u>922,325</u>
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

	2009	2008	2007
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	29 Years - Closed period	30 Years - Closed period	25 Years - Open period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	NA

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

	2009
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 17,191,731
Actuarial Accrued Liability	\$ 27,252,226
Percentage Funded	63.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 10,060,495
Annual Covered Payroll	\$ 8,574,668
UAAL as a Percentage of Covered Payroll	117.3%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

2. Texas Emergency Services Retirement System

The Texas Emergency Services Retirement System (TESRS) year is from September 1 through the following August 31. Actuarial valuations are performed biennially in even numbered years. The following is the latest information available on TESRS as of August 31, 2008.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

Plan Description

The Fire Fighters' Pension Commissioner is the administrator of TESRS, 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 significant monetary remuneration. TESRS 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, 2008, there were 186 fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participant department.

At August 31, 2008, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,939
Terminated members entitled to benefits but not yet receiving them	1,975
Active participants (vested and nonvested)	4,340

Of the 4,340 active participants, four were covered by the City.

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits, as well as death and disability benefits.

Eligible members include emergency services personnel who provide services related to fire, rescue, and emergency medical services and who serve without remuneration while members in good standing of a participating department. In addition, eligible members include auxiliary employees who receive limited compensation from a political subdivision of Texas and who are certified by the political subdivision as being regularly engaged in the performance of duties for a participating department. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing ten percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, 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 6.2 percent 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 dependent children.

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by Board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions of a limited amount to make TESRS actuarially sound.

Contribution Required and Contribution Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule. For the year ending August 31, 2008, total contributions (dues and prior service) of \$2,439,339 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated \$8,800,000 for the fiscal year ending August 31, 2008. Total contributions were equal to those required by the state statute and were greater than the contributions required based on the August 31, 2006 actuarial valuation. For 2009 and 2008 respectively, \$86,410 (3.54 percent) and \$87,570 (3.59 percent), was contributed by the City of Alvin.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that have been promised. The actuarial valuations as of August 31, 2008 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2009 (\$415,405 to help pay for TESRS's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years as is necessary for TESRS to have a 30-year amortization period, and (2) approximately \$425,000 each year to help pay for TESRS's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009 are equal to the contributions required.

The last actuarial valuation was conducted on August 31, 2008. The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Remaining Amortization Period	6 Years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value
Investment Rate of Return	8%
Projected Salary Increases	N/A
Includes Inflation at	3.5%
Cost of Living Adjustments	None

Three-Year Contribution Information for the Statewide Plan

Fiscal year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2008	\$ 87,570	100%	\$ -
2009	86,410	100%	-

Only two years are available at this time.

CITY OF ALVIN, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
For The Year Ended September 30, 2009

D. 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 5,987,620	\$ 5,987,620	\$ 5,980,679	\$ (6,941)
Sales taxes	1,955,810	1,955,810	1,798,469	(157,341)
Franchise fees and taxes	1,261,000	1,261,000	1,282,303	21,303
Other taxes	20,200	20,200	28,484	8,284
Licenses and permits	844,250	844,200	611,082	(233,118)
Fines and forfeitures	416,000	416,000	463,170	47,170
Charges for services	185,630	190,273	122,692	(67,581)
Intergovernmental	35,000	242,683	671,420	428,737
Investment revenue	245,000	245,000	59,985	(185,015)
Total Revenues	10,950,510	11,162,786	11,018,284	(144,502)
Expenditures				
General government:				
Administrative	1,545,584	1,488,412	1,527,903	(39,491) *
City attorney	332,306	328,556	303,777	24,779
City manager	191,640	191,040	188,643	2,397
Finance	1,050,310	1,096,530	1,076,472	20,058
Economic development dept	197,802	197,802	182,317	15,485
Total Government Expenditures	3,317,642	3,302,340	3,279,112	23,228
Public safety:				
Police	5,295,376	5,426,066	5,349,164	76,902
Fire	727,202	725,272	680,554	44,718
Total Public Safety Expenditures	6,022,578	6,151,338	6,029,718	121,620
Public services	873,167	878,894	777,418	101,476
Community services	289,062	285,668	249,540	36,128
Culture, parks, and recreation	1,292,747	1,406,444	1,355,683	50,761
Capital Outlay	10,000	542,674	521,186	21,488
Total Expenditures	11,805,196	12,567,358	12,212,657	354,701
Revenues Over (Under)				
Expenditures	(854,686)	(1,404,572)	(1,194,373)	210,199
Other Financing Sources				
Transfers in	854,988	854,988	849,336	(5,652)
Transfers (out)	-	-	(89,031)	(89,031) *
Capital leases	-	-	94,974	94,974
Total Other Financing Sources	854,988	854,988	855,279	291
Net Change in Fund Balance	\$ 302	\$ (549,584)	(339,094)	\$ 210,490
Beginning Fund Balance			5,530,639	
Ending Fund Balance			\$ 5,191,545	

Notes to Required Supplementary Information:

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

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CITY OF ALVIN, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2009

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal year	<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>		<u>2005</u>
Actuarial Valuation date	12/31/2008		12/31/2007		12/31/2006		12/31/2005		12/31/2004
Actuarial Value of Assets	\$ 17,191,731	\$	16,458,510	\$	15,506,034	\$	14,848,855	\$	13,860,084
Actuarial Accrued Liability	\$ 27,252,226	\$	25,364,013	\$	19,269,372	\$	18,268,644	\$	16,913,070
Percentage Funded	63.1%		64.9%		80.5%		81.3%		81.9%
Unfunded Actuarial									
Accrued Liability	\$ 10,060,495	\$	8,905,503	\$	3,763,338	\$	3,419,789	\$	3,052,986
Annual Covered Payroll	\$ 8,574,668	\$	7,513,013	\$	7,315,856	\$	6,737,174	\$	6,698,942
Unfunded Actuarial Accrued Liability									
(UAAL) % of Covered Payroll	117.3%		118.5%		51.4%		50.8%		45.6%
Net Pension Obligation (NPO)									
at the Beginning of Period	\$ -	\$	-	\$	-	\$	-	\$	-
Annual Req. Contrib. (ARC)	1,024,560		947,181		922,325		849,369		844,549
Contributions Made	1,024,560		947,181		922,325		849,369		844,549
NPO at the End of Period	\$ -	\$	-	\$	-	\$	-	\$	-

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***COMBINING STATEMENTS
AND SCHEDULES***

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

For the Year Ended September 30, 2009

	Original and Final Budget Amounts	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,396,028	\$ 1,396,028	\$ 1,361,391	\$ (34,637)
Investment revenue	3,000	3,000	345	(2,655)
Total Revenues	1,399,028	1,399,028	1,361,736	(37,292)
Expenditures				
Debt service:				
Principal	920,557	920,557	920,557	-
Interest and fiscal agent fees	463,568	463,568	386,083	77,485
Total Expenditures	1,384,125	1,384,125	1,306,640	77,485
Net Change in Fund Balance	\$ 14,903	\$ 14,903	55,096	\$ 40,193
Beginning fund balance			319,154	
Ending Fund Balance			\$ 374,250	

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CITY OF ALVIN, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2009

SPECIAL REVENUE FUNDS

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

Hike and Bike Trail Fund

This fund is used to account for the maintenance of City trails.

Hotel/Motel Fund

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

Library Fund

This fund is used to account for the maintenance of City libraries.

Special Investigation fund

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

Court Building Security

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

Municipal Court Technology Fund

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

Donation Fund

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

Juvenile Case Manager Fund

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

Senior Fund

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

Park Dedication Fund

This fund is designated to receive donations for local parks.

TIRZ #1 Fund

This fund is designated to separate property tax funds that will be utilized to pay for super speedway development.

TIRZ #2 Fund

This fund is designated to separate property tax funds that will be utilized to pay for certain infrastructure costs for the Kendall Lakes TIRZ Redevelopment Authority.

TIRZ #3 Fund

This fund is designated to separate property tax funds that will be utilized to pay for certain infrastructure costs.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for resources used in the acquisition or construction of major general capital facilities.

Bond Capital Projects Fund

This fund is used to account for a wide range of construction projects and the acquisition of very costly capital equipment.

PERMANENT FUNDS

Permanent Funds are used to account for resources that are restricted to the extent of their principal amounts.

Cemetery Fund

This fund is to account for the endowment of assets contributed and proceeds being expensed.

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2009

Special Revenue Funds

	<u>Hike and Bike Trail Fund</u>	<u>Hotel/ Motel Fund</u>	<u>Library Fund</u>	<u>Special Investigation Fund</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 100,881	\$ 486,009	\$ 93,836	\$ 76,946
Receivables, net	-	26,953	-	-
Prepaid items	-	-	-	-
Total Assets	<u>\$ 100,881</u>	<u>\$ 512,962</u>	<u>\$ 93,836</u>	<u>\$ 76,946</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 118	\$ -	\$ 1,576
Total Liabilities	<u>-</u>	<u>118</u>	<u>-</u>	<u>1,576</u>
Fund balances:				
Reserved for:				
Encumbrances	-	-	1,500	-
Prepays	-	-	-	-
Perpetual care	-	-	-	-
Unreserved and undesignated	100,881	512,844	92,336	75,370
Total Fund Balances	<u>100,881</u>	<u>512,844</u>	<u>93,836</u>	<u>75,370</u>
Total Liabilities and Fund Balances	<u>\$ 100,881</u>	<u>\$ 512,962</u>	<u>\$ 93,836</u>	<u>\$ 76,946</u>

Special Revenue Funds

Court Building Security Fund	Municipal Court Technology Fund	Donation Fund	Juvenile Case Manager Fund	Senior Fund	Park Dedication Fund
\$ 92,555	\$ 34,822	\$ 38,220	\$ 19,679	\$ 7,090	\$ 24,000
-	-	-	-	-	-
150	-	-	-	-	-
<u>\$ 92,705</u>	<u>\$ 34,822</u>	<u>\$ 38,220</u>	<u>\$ 19,679</u>	<u>\$ 7,090</u>	<u>\$ 24,000</u>
\$ -	\$ -	\$ -	\$ -	\$ 120	\$ -
-	-	-	-	120	-
-	-	2,250	-	257	-
150	-	-	-	-	-
-	-	-	-	-	-
92,555	34,822	35,970	19,679	6,713	24,000
92,705	34,822	38,220	19,679	6,970	24,000
<u>\$ 92,705</u>	<u>\$ 34,822</u>	<u>\$ 38,220</u>	<u>\$ 19,679</u>	<u>\$ 7,090</u>	<u>\$ 24,000</u>

CITY OF ALVIN, TEXAS
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2009

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>TIRZ #1 Fund</u>	<u>TIRZ #2 Fund</u>	<u>TIRZ #3 Fund</u>	<u>Bond Capital Projects Fund</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 12	\$ 15,493	\$ 520	\$ 992,392
Receivables, net	-	-	-	-
Prepaid items	-	-	-	-
Total Assets	\$ 12	\$ 15,493	\$ 520	\$ 992,392
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 43,502
Total Liabilities	-	-	-	43,502
Fund balances:				
Reserved for:				
Encumbrances	-	-	-	-
Prepays	-	-	-	-
Perpetual care	-	-	-	-
Unreserved and undesignated	12	15,493	520	948,890
Total Fund Balances	12	15,493	520	948,890
Total Liabilities and Fund Balances	\$ 12	\$ 15,493	\$ 520	\$ 992,392

<u>Permanent Fund</u>		
<u>Cemetery Fund</u>		<u>Total Nonmajor Governmental Funds</u>
\$ 458,417	\$	2,440,872
-		26,953
-		150
<u>\$ 458,417</u>	<u>\$</u>	<u>2,467,975</u>
\$ -	\$	45,316
-		45,316
-		4,007
-		150
50,000		50,000
408,417		2,368,502
<u>458,417</u>	<u></u>	<u>2,422,659</u>
<u>\$ 458,417</u>	<u>\$</u>	<u>2,467,975</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2009

	<u>Special Revenue Funds</u>			
	<u>Hike and Bike Trail Fund</u>	<u>Hotel/ Motel Fund</u>	<u>Library Fund</u>	<u>Special Investigation Fund</u>
Revenues				
Franchise and local taxes	\$ -	\$ 237,382	\$ -	\$ -
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	14,454
Investment revenue	762	3,017	-	844
Other revenue	-	-	225	7,298
Total Revenues	<u>762</u>	<u>240,399</u>	<u>225</u>	<u>22,596</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	3,477	-	17,740
Community services	-	118,225	-	-
Culture, parks and recreation	-	-	-	-
Library	-	-	11,110	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	27,280	-	-
Interest and fiscal charges	-	6,544	-	-
Total Expenditures	<u>-</u>	<u>155,526</u>	<u>11,110</u>	<u>17,740</u>
Revenues Over (Under) Expenditures	<u>762</u>	<u>84,873</u>	<u>(10,885)</u>	<u>4,856</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>762</u>	<u>84,873</u>	<u>(10,885)</u>	<u>4,856</u>
Beginning fund balances	100,119	427,971	104,721	70,514
Ending Fund Balances	<u>\$ 100,881</u>	<u>\$ 512,844</u>	<u>\$ 93,836</u>	<u>\$ 75,370</u>

Special Revenue Funds

Court Building Security Fund	Municipal Court Technology Fund	Donation Fund	Juvenile Case Manager Fund	Senior Fund	Park Dedication Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,900	10,533	-	-	-	-
-	-	-	-	-	-
-	-	28,632	-	10,327	24,000
515	117	218	12	82	-
-	-	-	12,570	-	-
<u>8,415</u>	<u>10,650</u>	<u>28,850</u>	<u>12,582</u>	<u>10,409</u>	<u>24,000</u>
-	-	5,467	-	-	-
303	10,365	4,875	-	-	-
-	-	-	-	8,354	-
-	-	13,823	-	-	-
-	-	1,050	-	-	-
-	2,052	3,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>303</u>	<u>12,417</u>	<u>28,215</u>	<u>-</u>	<u>8,354</u>	<u>-</u>
<u>8,112</u>	<u>(1,767)</u>	<u>635</u>	<u>12,582</u>	<u>2,055</u>	<u>24,000</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,112	(1,767)	635	12,582	2,055	24,000
<u>84,593</u>	<u>36,589</u>	<u>37,585</u>	<u>7,097</u>	<u>4,915</u>	<u>-</u>
<u>\$ 92,705</u>	<u>\$ 34,822</u>	<u>\$ 38,220</u>	<u>\$ 19,679</u>	<u>\$ 6,970</u>	<u>\$ 24,000</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2009

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>TIRZ #1 Fund</u>	<u>TIRZ #2 Fund</u>	<u>TIRZ #3 Fund</u>	<u>Bond Capital Projects Fund</u>
Revenues				
Franchise and local taxes	\$ 12	\$ 15,493	\$ 520	\$ -
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Intergovernmental	-	-	-	-
Investment revenue	-	-	-	23,194
Other revenue	-	-	-	-
Total Revenues	<u>12</u>	<u>15,493</u>	<u>520</u>	<u>23,194</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community services	-	-	-	-
Culture, parks and recreation	-	-	-	-
Library	-	-	-	-
Capital outlay	-	-	-	381,496
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,496</u>
Revenues Over (Under) Expenditures	<u>12</u>	<u>15,493</u>	<u>520</u>	<u>(358,302)</u>
Other Financing Sources (Uses)				
Transfer in	-	-	-	89,031
Transfers (out)	-	-	-	(1,582,608)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,493,577)</u>
Net Change in Fund Balances	<u>12</u>	<u>15,493</u>	<u>520</u>	<u>(1,851,879)</u>
Beginning fund balances	-	-	-	2,800,769
Ending Fund Balances	<u>\$ 12</u>	<u>\$ 15,493</u>	<u>\$ 520</u>	<u>\$ 948,890</u>

<u>Permanent Fund</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Cemetery Fund</u>		
\$ -	\$	253,407
-		18,433
55,674		55,674
-		77,413
3,629		32,390
-		20,093
<u>59,303</u>		<u>457,410</u>
-		5,467
-		36,760
19,117		145,696
-		13,823
-		12,160
-		386,548
-		27,280
-		6,544
<u>19,117</u>		<u>634,278</u>
<u>40,186</u>		<u>(176,868)</u>
-		89,031
<u>(28,809)</u>		<u>(1,611,417)</u>
<u>(28,809)</u>		<u>(1,522,386)</u>
11,377		(1,699,254)
<u>447,040</u>		<u>4,121,913</u>
<u>\$ 458,417</u>	<u>\$</u>	<u>2,422,659</u>

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2009

Hike and Bike Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ 500	\$ 500	\$ 762	\$ 262
Total Revenues	500	500	762	262
Net Change in Fund Balance	\$ 500	\$ 500	762	\$ 262
Beginning fund balance			100,119	
Ending Fund Balance			\$ 100,881	

Hotel/Motel Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Franchise and local taxes	\$ 175,000	\$ 175,000	\$ 237,382	\$ 62,382
Investment revenue	8,000	8,000	3,017	(4,983)
Total Revenues	183,000	183,000	240,399	57,399
Expenditures				
Current:				
Public safety	6,500	6,500	3,477	3,023
Community services	120,388	120,388	118,225	2,163
Debt Service:				
Principal	27,280	27,280	27,280	-
Interest and fiscal charges	6,544	6,544	6,544	-
Total Expenditures	160,712	160,712	155,526	5,186
Net Change in Fund Balance	\$ 22,288	\$ 22,288	84,873	\$ 62,585
Beginning fund balance			427,971	
Ending Fund Balance			\$ 512,844	

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2009

Library Fund

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Other revenue	\$ -	\$ -	\$ 225	\$ 225
Total Revenues	-	-	225	225
Expenditures				
Current:				
Library	2,600	14,750	11,110	3,640
Total Expenditures	2,600	14,750	11,110	3,640
Net Change in Fund Balance	\$ (2,600)	\$ (14,750)	(10,885)	\$ 3,865
Beginning fund balance			104,721	
Ending Fund Balance			\$ 93,836	

Special Investigation Fund

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 14,454	\$ 14,454
Investment revenue	1,000	1,000	844	(156)
Other revenue	500	500	7,298	6,798
Total Revenues	1,500	1,500	22,596	21,096
Expenditures				
Current:				
Public safety	-	-	17,740	(17,740) *
Total Expenditures	-	-	17,740	(17,740)
Net Change in Fund Balance	\$ 1,500	\$ 1,500	4,856	\$ 3,356
Beginning fund balance			70,514	
Ending Fund Balance			\$ 75,370	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2009

Building Security Fund

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ (7,200)	\$ (7,200)	\$ 7,900	\$ 15,100
Investment revenue	(2,000)	(2,000)	515	2,515
Total Revenues	(9,200)	(9,200)	8,415	17,615
Expenditures				
Current:				
Public safety	-	-	303	(303) *
Total Expenditures	-	-	303	(303)
Net Change in Fund Balance	\$ (9,200)	\$ (9,200)	8,112	\$ 17,312
Beginning fund balance			84,593	
Ending Fund Balance			\$ 92,705	

Municipal Court Technology Fund

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 10,200	\$ 10,200	\$ 10,533	\$ 333
Investment revenue	800	800	117	(683)
Total Revenues	11,000	11,000	10,650	(350)
Expenditures				
Current:				
Public safety	10,983	10,983	10,365	618
Capital outlay	-	-	2,052	(2,052) *
Total Expenditures	10,983	10,983	12,417	(1,434)
Net Change in Fund Balance	\$ 17	\$ 17	(1,767)	\$ (1,784)
Beginning fund balance			36,589	
Ending Fund Balance			\$ 34,822	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended September 30, 2009

Donation Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 28,632	\$ 13,632
Investment revenue	-	-	218	218
Total Revenues	15,000	15,000	28,850	13,850
Expenditures				
Current:				
General administration	2,000	2,000	5,467	(3,467) *
Public safety	-	-	4,875	(4,875) *
Culture, parks and recreation	12,000	12,000	13,823	(1,823) *
Library	1,000	1,000	1,050	(50) *
Capital outlay	-	-	3,000	(3,000) *
Total Expenditures	15,000	15,000	28,215	(13,215)
Net Change in Fund Balance	\$ -	\$ -	635	\$ 635
Beginning fund balance			37,585	
Ending Fund Balance			\$ 38,220	

Juvenile Case Manager Fund				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Investment revenue	\$ -	\$ -	\$ 12	\$ 12
Other revenue	16,225	10,000	12,570	2,570
Total Revenues	16,225	10,000	12,582	2,582
Net Change in Fund Balance	\$ 16,225	\$ 10,000	12,582	\$ 2,582
Beginning fund balance			7,097	
Ending Fund Balance			\$ 19,679	

* Expenditures exceeded appropriations at the legal level of control.

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

For the Year Ended September 30, 2009

Cemetery Fund				Variance with Final Budget Positive (Negative)
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Revenues				
Charges for services	\$ 42,500	\$ 42,500	\$ 55,674	\$ 13,174
Investment revenue	13,000	13,000	3,629	(9,371)
Total Revenues	55,500	55,500	59,303	3,803
Expenditures				
Current:				
Community services	24,500	24,500	19,117	5,383
Total Expenditures	24,500	24,500	19,117	5,383
Other Financing Sources (Uses)				
Transfers (out)	(30,642)	(30,642)	(28,809)	(1,833) *
Net Change in Fund Balance	\$ 358	\$ 358	11,377	\$ 11,019
Beginning fund balance			447,040	
Ending Fund Balance			\$ 458,417	

* Expenditures exceeded appropriations at the legal level of control.

CITY OF ALVIN, TEXAS

INTERNAL SERVICE FUNDS

September 30, 2009

Central Shop Fund

This internal service fund is used to account for equipment replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

Vehicle Replacement Fund

This internal service fund is used to account for vehicle replacement services to departments or agencies of the City on a cost reimbursement basis.

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
September 30, 2009

	Central Shop	Vehicle Replacement	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 114,198	\$ 348,706	\$ 462,904
Accounts receivable	22,018	-	22,018
Due from other funds	-	352,812	352,812
Inventory	65,856	-	65,856
Prepaid items	5,777	-	5,777
Total Current Assets	207,849	701,518	909,367
Noncurrent assets:			
Capital assets:			
Buildings	7,754	-	7,754
Equipment	32,696	2,937,053	2,969,749
Less: accumulated depreciation	(6,278)	(1,784,376)	(1,790,654)
Total Capital Assets (Net of Accumulated Depreciation)	34,172	1,152,677	1,186,849
Total Noncurrent Assets	34,172	1,152,677	1,186,849
Total Assets	242,021	1,854,195	2,096,216
<u>Liabilities and Net Assets</u>			
Current liabilities:			
Accounts payable	51,662	-	51,662
Accrued compensated absences	35,233	-	35,233
Total Current Liabilities	86,895	-	86,895
Total Liabilities	86,895	-	86,895
<u>Net Assets</u>			
Invested in capital assets	34,172	1,152,677	1,186,849
Unrestricted	120,954	701,518	822,472
Total Net Assets	\$ 155,126	\$ 1,854,195	\$ 2,009,321

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2009

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for sales and services	\$ 498,303	\$ 395,685	\$ 893,988
Total Operating Revenues	<u>498,303</u>	<u>395,685</u>	<u>893,988</u>
<u>Operating Expenses</u>			
Personnel services	231,732	-	231,732
Supplies	280,602	-	280,602
Depreciation	2,067	346,686	348,753
Total Operating Expenses	<u>514,401</u>	<u>346,686</u>	<u>861,087</u>
Operating Income (Loss)	<u>(16,098)</u>	<u>48,999</u>	<u>32,901</u>
<u>Nonoperating Revenues (Expenses)</u>			
Gain on sale of capital assets	-	32,903	32,903
Intergovernmental	22,018	-	22,018
Investment revenue	905	24,093	24,998
Capital contributions	-	65,286	65,286
Total Nonoperating Revenues (Expenses)	<u>22,923</u>	<u>122,282</u>	<u>145,205</u>
<u>Transfers In (Out)</u>			
Transfers In	-	8,970	8,970
Transfers out	(8,970)	-	(8,970)
Total Transfers	<u>(8,970)</u>	<u>8,970</u>	<u>-</u>
Change in Net Assets	(2,145)	180,251	178,106
Beginning net assets	<u>157,271</u>	<u>1,673,944</u>	<u>1,831,215</u>
Ending Net Assets	<u>\$ 155,126</u>	<u>\$ 1,854,195</u>	<u>\$ 2,009,321</u>

CITY OF ALVIN, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2009

	<u>Central Shop</u>	<u>Vehicle Replacement</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 487,499	\$ 484,974	\$ 972,473
Payments to suppliers	(298,326)	-	(298,326)
Payments to employees	(216,754)	-	(216,754)
Net Cash Provided (Used) by Operating Activities	<u>(27,581)</u>	<u>484,974</u>	<u>457,393</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers from (to) other funds	(8,970)	8,970	-
Subsidy from federal grant	22,018	-	22,018
Net Cash Provided by Noncapital Financing Activities	<u>13,048</u>	<u>8,970</u>	<u>22,018</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	-	(288,692)	(288,692)
Capital contributions	-	65,286	65,286
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(223,406)</u>	<u>(223,406)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on investments	905	24,093	24,998
Net Cash Provided by Investing Activities	<u>905</u>	<u>24,093</u>	<u>24,998</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,628)	294,631	281,003
Beginning cash and cash equivalents	127,826	54,075	181,901
Ending Cash and Cash Equivalents	<u>\$ 114,198</u>	<u>\$ 348,706</u>	<u>\$ 462,904</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (16,097)	\$ 48,999	\$ 32,902
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,067	346,686	348,753
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	(21,876)	-	(21,876)
Due from other funds	11,444	259,320	270,764
Inventories	5,404	-	5,404
Prepays	(5,777)	-	(5,777)
Increase (Decrease) in Current Liabilities:			
Accounts payable	(17,724)	-	(17,724)
Due to other funds	-	(170,031)	(170,031)
Compensated absences	14,978	-	14,978
Net Cash Provided (Used) by Operating Activities	<u>\$ (27,581)</u>	<u>\$ 484,974</u>	<u>\$ 457,393</u>

STATISTICAL SECTION

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

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Financial Trends	104
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These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity	116
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These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity	124
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These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information	135
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information	138
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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.

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 Seven Years (1)
(Accrual Basis of Accounting)

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

(1) The requirement for statistical data is ten years; only seven years are available at this time.

Year		
2007	2008	2009
\$ 26,711,260	\$ 24,683,114	\$ 23,625,720
4,185,439	5,412,521	8,162,397
5,088,173	6,373,807	4,881,248
<u>\$ 35,984,872</u>	<u>\$ 36,469,442</u>	<u>\$ 36,669,365</u>
\$ 9,185,334	\$ 10,094,821	\$ 7,281,665
845,723	861,202	805,076
4,625,332	5,873,472	9,272,256
<u>\$ 14,656,389</u>	<u>\$ 16,829,495</u>	<u>\$ 17,358,997</u>
\$ 35,896,594	\$ 34,777,935	\$ 30,907,385
5,031,162	6,273,723	8,967,473
9,713,505	12,247,279	14,153,504
<u>\$ 50,641,261</u>	<u>\$ 53,298,937</u>	<u>\$ 54,028,362</u>

CITY OF ALVIN, TEXAS

CHANGES IN NET ASSETS

Last Seven Years (1)

(Accrual Basis of Accounting)

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,155,673	\$ 3,397,176	\$ 4,618,306
5,765,961	5,885,390	6,828,195
554,616	751,470	-
3,907,160	3,697,371	1,195,696
347,169	297,019	2,110,567
1,222,914	1,827,931	1,637,049
470,225	320,272	255,366
<u>15,423,718</u>	<u>16,176,629</u>	<u>16,645,179</u>
5,179,628	5,048,607	5,324,261
1,679,203	3,032,494	3,811,391
1,060,634	1,015,022	1,333,579
<u>7,919,465</u>	<u>9,096,123</u>	<u>10,469,231</u>
<u>\$ 23,343,183</u>	<u>\$ 25,272,752</u>	<u>\$ 27,114,410</u>
\$ 37,029	\$ 22,764	\$ 98,718
735,677	745,922	1,092,685
401,661	328,881	-
-	-	-
-	-	79,648
187,229	167,642	-
157,790	434,842	770,851
<u>1,519,386</u>	<u>1,700,051</u>	<u>2,041,902</u>
5,771,303	6,211,760	6,325,404
1,995,110	1,943,739	2,174,386
1,126,101	1,204,907	1,278,655
1,364	1,343,767	1,643,163
-	-	-
<u>8,893,878</u>	<u>10,704,173</u>	<u>11,421,608</u>
<u>\$ 10,413,264</u>	<u>\$ 12,404,224</u>	<u>\$ 13,463,510</u>
\$ (13,904,332)	\$ (14,476,578)	\$ (14,603,277)
974,413	1,608,050	952,377
<u>\$ (12,929,919)</u>	<u>\$ (12,868,528)</u>	<u>\$ (13,650,900)</u>

CITY OF ALVIN, TEXAS
CHANGES IN NET ASSETS (Continued)
 Last Seven Years (1)
 (Accrual Basis of Accounting)

	Year			
	2003	2004	2005	2006
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
Sales and use taxes	3,787,820	3,911,035	4,185,111	4,311,123
Franchise taxes	1,242,162	1,505,370	1,257,702	1,279,211
Other taxes	-	-	-	-
Investment revenue	81,329	70,999	161,734	364,080
Other revenues	42,523	75,336	14,587	94,255
Transfers	1,429	687,563	2,664,611	1,184,047
Total Governmental Activities	<u>10,013,136</u>	<u>11,393,558</u>	<u>13,646,971</u>	<u>13,026,348</u>
Business-type activities				
Investment earnings	140,282	133,776	60,292	195,478
Other revenues	13,390	8,204	9,562	5,043
Transfers	(1,429)	(687,563)	(2,664,611)	(1,184,047)
Total Business-type Activities	<u>152,243</u>	<u>(545,583)</u>	<u>(2,594,757)</u>	<u>(983,526)</u>
Total Primary Government	<u>\$ 10,165,379</u>	<u>\$ 10,847,975</u>	<u>\$ 11,052,214</u>	<u>\$ 12,042,822</u>
Change in Net Assets				
Governmental activities	\$ 161,125	\$ 893,311	\$ (239,574)	\$ 373,719
Business-type activities	814,008	373,185	256,303	1,050,797
Total Primary Government	<u>\$ 975,133</u>	<u>\$ 1,266,496</u>	<u>\$ 16,729</u>	<u>\$ 1,424,516</u>

(1) The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 6,441,666	\$ 7,135,500	\$ 7,088,549
5,540,205	5,754,038	5,395,694
1,321,208	1,332,828	1,535,710
-	-	28,484
674,853	483,412	131,885
44,355	121,128	96,555
1,581,281	(10,449)	526,323
<u>15,603,568</u>	<u>14,816,457</u>	<u>14,803,200</u>
440,689	265,878	88,820
5,875	168,707	14,628
(1,581,281)	10,449	(526,323)
<u>(1,134,717)</u>	<u>445,034</u>	<u>(422,875)</u>
<u>\$ 14,468,851</u>	<u>\$ 15,261,491</u>	<u>\$ 14,380,325</u>
\$ 1,699,236	\$ 339,879	\$ 199,923
(160,304)	2,053,084	529,502
<u>\$ 1,538,932</u>	<u>\$ 2,392,963</u>	<u>\$ 729,425</u>

CITY OF ALVIN, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Seven Years (1)
 (Accrual Basis of Accounting)

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Property	\$ 4,857,873	\$ 5,143,255	\$ 5,363,226	\$ 5,793,632
Sales and Use	3,787,820	3,911,035	4,185,111	4,311,123
Franchise fees	1,242,162	1,505,370	1,257,702	1,279,212
Other taxes	-	-	-	-
	<u>\$ 9,887,855</u>	<u>\$ 10,559,660</u>	<u>\$ 10,806,039</u>	<u>\$ 11,383,967</u>

(1) The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change 2008-2009</u>
\$ 6,441,666	\$ 7,135,500	\$ 7,088,549	-0.7%
5,540,205	5,754,038	5,395,694	-6.2%
1,321,208	1,332,828	1,535,710	15.2%
-	-	28,484	
<u>\$ 13,303,079</u>	<u>\$ 14,222,366</u>	<u>\$ 14,048,437</u>	-1.2%

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

	Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ 305,708	\$ 246,021	\$ 232,142	\$ 82,628
Unreserved	2,290,599	228,987	2,051,325	2,491,329
Total Governmental Activities Net Assets	<u>\$ 2,596,307</u>	<u>\$ 475,008</u>	<u>\$ 2,283,467</u>	<u>\$ 2,573,957</u>
All Other Governmental Funds				
Reserved	\$ 1,196,526	\$ 2,849,962	\$ 3,985,194	\$ 3,723,632
Unreserved, reported in:				
Special revenue funds	274,470	197,725	391,103	108,676
Capital project funds	2,993,763	7,147,590	2,953,546	1,080,467
Permanent Fund	-	-	-	358,307
Total Business-Type Activities Net Assets	<u>\$ 4,464,759</u>	<u>\$ 10,195,277</u>	<u>\$ 7,329,843</u>	<u>\$ 5,271,082</u>

Year					
2004	2005	2006	2007	2008	2009
\$ 97,594	\$ 95,159	\$ 74,986	\$ 1,184,413	\$ 1,086,186	\$ 630,892
2,725,533	3,027,096	3,211,526	2,961,457	4,444,453	4,560,653
<u>\$ 2,823,127</u>	<u>\$ 3,122,255</u>	<u>\$ 3,286,512</u>	<u>\$ 4,145,870</u>	<u>\$ 5,530,639</u>	<u>\$ 5,191,545</u>
\$ 2,609,387	\$ 1,505,349	\$ 1,266,145	\$ 8,003,700	\$ 6,753,433	\$ 786,454
107,975	110,872	110,193	113,064	103,221	1,011,195
1,612,652	2,070,324	4,562,445	-	-	5,540,903
365,409	370,982	377,940	397,964	397,040	408,417
<u>\$ 4,695,423</u>	<u>\$ 4,057,527</u>	<u>\$ 6,316,723</u>	<u>\$ 8,514,728</u>	<u>\$ 7,253,694</u>	<u>\$ 7,746,969</u>

CITY OF ALVIN, TEXAS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues				
Taxes	\$ 8,378,289	\$ 9,046,792	\$ 9,699,770	\$ 9,880,565
Permits, licenses, and fees	106,006	111,795	183,498	197,905
Fines and forfeitures	300,905	143,454	344,824	450,894
Intergovernmental	152,726	9,823	22,427	5,200
Contributions	102,228	247,132	60,997	39,241
Investment earnings	451,087	409,829	202,054	85,752
Other revenues	226,735	196,582	453,583	423,465
Total Revenues	<u>9,717,976</u>	<u>10,165,407</u>	<u>10,967,153</u>	<u>11,083,022</u>
Expenditures				
General government	2,186,669	2,331,722	3,176,053	3,193,675
Public safety	3,272,544	3,487,929	3,477,699	4,354,626
Engineering and planning	311,423	200,337	218,967	153,119
Public services	218,119	375,349	450,643	1,267,511
Community services	289,019	4,568	94,448	84,041
Culture, parks, and recreation	806,168	678,453	736,995	1,275,978
Library	-	-	-	-
Capital outlay	2,243,224	2,424,467	4,670,860	2,983,215
Debt service:				
Principal	670,152	451,194	480,901	460,246
Interest	321,302	458,787	451,530	459,542
Total Expenditures	<u>10,318,620</u>	<u>10,412,806</u>	<u>13,758,096</u>	<u>14,231,953</u>
Revenues Over (Under) Expenditures	(600,644)	(247,399)	(2,790,943)	(3,148,931)
Other Financing Sources (Uses)				
Transfers in	3,151,281	6,648,021	2,690,085	2,171,279
Transfers out	(1,741,281)	(2,378,555)	(7,071,681)	(1,594,850)
Refunding bonds issued	-	-	-	-
Bonds issued	-	343,972	3,083,556	80,013
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Capital leases	-	-	-	300,669
Sales of capital assets	-	-	-	-
Total other financing sources (uses)	<u>1,410,000</u>	<u>4,613,438</u>	<u>(1,298,040)</u>	<u>957,111</u>
Net Change in Fund Balances	<u>\$ 809,356</u>	<u>\$ 4,366,039</u>	<u>\$ (4,088,983)</u>	<u>\$ (2,191,820)</u>

Debt service as a percentage of noncapital expenditures	14.0%	12.9%	11.4%	8.9%
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		Year									
		2004	2005	2006	2007	2008	2009				
\$	10,569,602	\$	10,820,920	\$	11,351,914	\$	13,228,598	\$	14,294,405	\$	14,301,958
	266,378		301,393		663,057		325,191		316,854		611,082
	376,232		381,554		388,202		437,085		455,554		481,603
	4,550		215,244		4,313		3,731		530,316		748,833
	23,830		3,825		22,027		32,563		-		-
	76,320		171,876		345,650		620,207		439,770		106,887
	395,510		471,511		598,811		756,958		654,819		242,018
	<u>11,712,422</u>		<u>12,366,323</u>		<u>13,373,974</u>		<u>15,404,333</u>		<u>16,691,718</u>		<u>16,492,381</u>
	2,698,996		2,704,408		2,676,013		3,019,200		3,269,353		3,284,579
	4,316,165		4,788,853		4,809,776		4,932,289		5,723,203		6,066,478
	859,878		768,252		552,276		489,331		712,129		-
	1,730,750		1,406,740		1,518,905		2,870,696		1,977,554		777,418
	24,661		21,015		143,300		158,160		186,487		1,361,535
	1,062,355		1,077,971		906,749		950,845		1,028,437		1,369,506
	65,749		71,666		79,117		94,886		113,061		12,160
	934,908		3,883,770		2,266,772		1,503,979		2,520,505		2,636,255
	842,396		788,572		810,861		801,753		1,163,091		1,038,791
	389,871		337,391		455,020		430,776		436,194		412,775
	<u>12,925,729</u>		<u>15,848,638</u>		<u>14,218,789</u>		<u>15,251,915</u>		<u>17,130,014</u>		<u>16,959,497</u>
	(1,213,307)		(3,482,315)		(844,815)		152,418		(438,296)		(467,116)
	3,629,342		5,385,425		3,362,287		4,744,518		3,423,766		2,520,975
	(2,941,779)		(2,720,814)		(2,910,566)		(3,962,600)		(3,799,196)		(1,994,652)
	1,349,595		-		-		-		-		-
	319,176		478,925		2,780,000		835,000		675,000		-
	-		-		1,591		-		-		-
	(10,439)		-		-		-		-		-
	(1,311,643)		-		-		-		-		-
	-		-		-		231,652		262,467		94,974
	-		-		28,351		22,916		-		-
	<u>1,034,252</u>		<u>3,143,536</u>		<u>3,261,663</u>		<u>1,871,486</u>		<u>562,037</u>		<u>621,297</u>
\$	<u>(179,055)</u>	\$	<u>(338,779)</u>	\$	<u>2,416,848</u>	\$	<u>2,023,904</u>	\$	<u>123,741</u>	\$	<u>154,181</u>
	11.5%		10.4%		11.8%		9.8%		12.3%		10.13%

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Residential Property	\$ A	\$ A	\$ A	\$ A
Commercial Property	A	A	A	A
Less: Tax Exempt Property	<u>A</u>	<u>A</u>	<u>A</u>	<u>A</u>
Total Taxable Assessed Value (1)	<u>\$ 469,964,849</u>	<u>\$ 495,541,410</u>	<u>\$ 537,843,592</u>	<u>\$ 596,476,416</u>
Total Direct Tax Rate	0.80360	0.80360	0.80360	0.80360

Source: Brazoria County - Tax Office Collections.

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

(A) Data is not available

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ A	\$ 419,639,580	\$ 463,788,970	\$ 494,709,890	\$ 545,828,781	\$ 561,797,458	
A	280,972,630	310,043,900	328,960,620	372,642,100	376,840,429	
A	(45,598,292)	(52,772,196)	(27,271,987)	(17,519,673)	(29,535,234)	
<u>\$ 633,444,214</u>	<u>\$ 655,013,918</u>	<u>\$ 721,060,674</u>	<u>\$ 796,398,523</u>	<u>\$ 900,951,208</u>	<u>\$ 909,102,653</u>	
0.80360	0.80360	0.80360	0.80360	0.80360	0.80360	0.80360

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
City of Alvin by fund:				
Operating	\$ 0.6215	\$ 0.6381	\$ 0.6628	\$ 0.6702
Debt service	0.1821	0.1655	0.1408	0.1334
Total Direct Rates	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
Alvin Independent School District	1.4785	1.5660	1.5660	1.5860
Brazoria County	0.3995	0.3395	0.3395	0.3595
C&R District No. 3	0.0990	0.0600	0.1100	0.1166
Alvin Community College	<u>0.2389</u>	<u>0.2389</u>	<u>0.2411</u>	<u>0.2553</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.0195</u>	<u>\$ 3.0080</u>	<u>\$ 3.0602</u>	<u>\$ 3.1210</u>

Tax rates per \$100 of assessed valuation

Source: Brazoria County - Tax Office Collections.

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

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 0.6486	\$ 0.6784	\$ 0.6565	\$ 0.6440	\$ 0.6544	\$ 0.6709
0.1550	0.1252	0.1471	0.1596	0.1492	0.1327
<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>	<u>0.8036</u>
1.6261	1.7058	1.5459	1.3282	1.3282	1.3041
0.3620	0.3480	0.3817	0.3114	0.3900	0.4263
0.1316	0.1306	0.1300	0.1281	0.1500	0.1500
<u>0.2406</u>	<u>0.2376</u>	<u>0.2195</u>	<u>0.2103</u>	<u>0.1998</u>	<u>0.1998</u>
<u>\$ 3.1639</u>	<u>\$ 3.2256</u>	<u>\$ 3.0807</u>	<u>\$ 2.7816</u>	<u>\$ 2.8716</u>	<u>\$ 2.8838</u>

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CITY OF ALVIN, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Tax Payer	2009			2000		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Walmart	\$ 19,220,480	1	2.11%	\$ 5,692,620	6	1.21%
Home Depot & Home Depot USA Inc	12,041,120	2	1.32%			
WeatherFord, USA L.P.	13,713,340	3	1.51%	7,348,070	5	1.56%
Alvin Autoland, Inc.	10,353,500	4	1.14%			
Ron Carter Chrysler	6,342,050	5	0.70%			
Texas New-Mexico Power Company	7,590,860	6	0.83%	8,208,940	4	1.75%
Team Industrial Services, Inc.	7,409,392	7	0.82%	3,519,560	8	0.75%
Southwestern Bell Telephone Co.	6,036,570	8	0.66%	8,880,260	3	1.89%
Axens North American	6,969,950	9	0.77%			
Highland Square, LTD	5,803,700	10	0.64%			
Franks Casing Crew		n/a		2,963,840	9	0.63%
IPOP		n/a		22,946,450	1	4.88%
Ron Carter Autoland		n/a		14,987,880	2	3.19%
South Bay Properties, Inc.		n/a		2,659,740	10	0.57%
Arayco, Inc.		n/a		4,058,810	7	0.86%
Subtotal	\$ 95,480,962		10.50%	\$ 81,266,170		17.29%
Other Taxpayers	813,621,691		89.50%	388,698,679		82.71%
Total	\$ 909,102,653		100.00%	\$ 469,964,849		100.00%

Source: Brazoria County - Tax Office Collections.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Tax levy	\$ 3,684,711	\$ 3,928,597	\$ 4,312,622	\$ 4,652,307
Current tax collected	\$ 3,602,262	\$ 3,789,817	\$ 4,147,538	\$ 4,594,434
Percent of current tax collections	97.76%	96.47%	96.17%	98.76%
Delinquent tax collections	<u>124,280</u>	<u>99,035</u>	<u>152,219</u>	<u>151,854</u>
Total tax collections	<u>\$ 3,726,542</u>	<u>\$ 3,888,852</u>	<u>\$ 4,299,757</u>	<u>\$ 4,746,288</u>
Total collections as a percentage of current levy	101.14%	98.99%	99.70%	102.02%
Outstanding delinquent taxes	\$ (41,831)	\$ 39,745	\$ 12,865	\$ (93,981)
Outstanding delinquent taxes as percentage of current levy	-1.135%	1.012%	0.298%	-2.020%

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 5,090,358	\$ 5,267,342	\$ 5,684,983	\$ 6,291,790	\$ 7,064,411	\$ 7,260,355
\$ 4,896,746	\$ 5,104,625	\$ 5,519,795	\$ 6,117,953	\$ 6,907,075	\$ 7,099,395
96.20%	96.91%	97.09%	97.24%	97.77%	97.78%
<u>162,549</u>	<u>177,270</u>	<u>157,488</u>	<u>159,222</u>	<u>149,237</u>	<u>133,796</u>
<u>\$ 5,059,295</u>	<u>\$ 5,281,895</u>	<u>\$ 5,677,283</u>	<u>\$ 6,277,175</u>	<u>\$ 7,056,312</u>	<u>\$ 7,233,191</u>
99.39%	100.28%	99.86%	99.77%	99.89%	99.63%
\$ 31,063	\$ (14,553)	\$ 7,700	\$ 14,615	\$ 8,099	\$ 27,164
0.610%	-0.276%	0.135%	0.232%	0.115%	0.374%

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 6,515,626	\$ 6,492,738	\$ 9,134,337	\$ 8,797,495
Capital leases	-	-	-	300,670
Subtotal	<u>\$ 6,515,626</u>	<u>\$ 6,492,738</u>	<u>\$ 9,134,337</u>	<u>\$ 9,098,165</u>
Business-Type Activities:				
Revenue bonds	\$ -	\$ 3,700,000	\$ 10,350,000	\$ 10,350,000
General obligation bonds	12,259,792	12,816,008	11,690,664	10,727,505
Capital leases	-	-	-	241,077
Total Primary Government	<u>\$ 18,775,418</u>	<u>\$ 23,008,746</u>	<u>\$ 31,175,001</u>	<u>\$ 30,416,747</u>
 Personal Income (2)	 \$ 327,065,000	 \$ 350,766,000	 \$ 360,445,000	 \$ 341,131,000
 Debt as a Percentage Of Personal Income (2)	 5.74%	 6.56%	 8.65%	 8.92%
 Population	 19,221	 21,413	 21,413	 21,413
 Debt per Capita	 \$ 977	 \$ 1,075	 \$ 1,456	 \$ 1,420

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

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 8,412,381	\$ 8,146,667	\$ 10,313,613	\$ 10,398,080	\$ 10,044,753	\$ 9,096,916
229,658	282,482	84,675	265,107	392,810	301,856
<u>\$ 8,642,039</u>	<u>\$ 8,429,149</u>	<u>\$ 10,398,288</u>	<u>\$ 10,663,187</u>	<u>\$ 10,437,563</u>	<u>\$ 9,398,772</u>
\$ 10,240,000	\$ 10,120,000	\$ 12,160,000	\$ 12,025,000	\$ 11,815,000	\$ 11,345,000
10,697,618	9,768,331	12,516,386	11,206,920	11,835,248	10,433,084
184,140	176,786	34,666	13,697	-	-
<u>\$ 29,763,797</u>	<u>\$ 28,494,266</u>	<u>\$ 35,109,340</u>	<u>\$ 33,908,804</u>	<u>\$ 34,087,811</u>	<u>\$ 31,176,856</u>
\$ 379,460,000	\$ 403,635,000	\$ 457,017,000	\$ 480,593,000	\$ 518,087,000	\$ 519,651,000
7.84%	7.06%	7.68%	7.06%	6.58%	6.00%
21,413	21,413	21,413	21,413	21,413	21,413
\$ 1,390	\$ 1,331	\$ 1,640	\$ 1,584	\$ 1,592	\$ 1,456

CITY OF ALVIN, TEXAS
RATIO OF NET BONDED DEBT TO ASSESSED VALUE,
NET BONDED DEBT PER CAPITA, AND ASSESSED
AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Taxable Assessed Value				
All property	\$ 469,964,849	\$ 495,541,410	\$ 537,843,592	\$ 596,476,416
Net Bonded Debt				
Gross bonded debt	\$ 6,515,626	\$ 6,492,738	\$ 9,134,337	\$ 8,797,495
Less debt service funds	<u>780,528</u>	<u>892,217</u>	<u>921,909</u>	<u>990,668</u>
Net Bonded Debt	<u>\$ 5,735,098</u>	<u>\$ 5,600,521</u>	<u>\$ 8,212,428</u>	<u>\$ 7,806,827</u>
Ratio of Net Bonded Debt To Assessed Value	1.22%	1.13%	1.53%	1.31%
Population	19,221	21,413	21,413	21,413
Net Bonded Debt Per Capita	\$ 298	\$ 262	\$ 384	\$ 365

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 633,444,214	\$ 655,013,918	\$ 721,060,674	\$ 796,398,523	\$ 900,951,208	\$ 909,102,653
\$ 8,412,381 455,181	\$ 8,146,667 479,185	\$ 10,313,613 325,660	\$ 10,398,080 346,983	\$ 10,044,753 319,154	\$ 9,096,916 374,250
<u>\$ 7,957,200</u>	<u>\$ 7,667,482</u>	<u>\$ 9,987,953</u>	<u>\$ 10,051,097</u>	<u>\$ 9,725,599</u>	<u>\$ 8,722,666</u>
1.26%	1.17%	1.39%	1.26%	1.08%	0.96%
21,413	21,413	21,413	21,413	21,413	21,413
\$ 372	\$ 358	\$ 466	\$ 469	\$ 454	\$ 407

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CITY OF ALVIN, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2009

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Alvin ISD	\$ 297,795,000	65.00%	\$ 193,566,750
Brazoria County	51,575,000	4.77%	2,460,128
Alvin Community College	<u>18,195,000</u>	65.00%	<u>11,826,750</u>
Subtotal, overlapping debt			207,853,628
City Direct Debt	<u>31,025,004</u>	100%	<u>31,025,004</u>
Total Direct and Overlapping Debt			<u><u>\$ 238,878,632</u></u>

Source: Brazoria County

(1) Debt outstanding is as of September 30, 2009.

CITY OF ALVIN, TEXAS
LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Year			
	2000	2001	2002	2003
Debt limit	\$ 44,733,362	\$ 46,996,484	\$ 49,554,141	\$ 53,784,359
Total net debt applicable to limit	6,439,270	5,735,098	5,850,617	7,877,428
Legal debt margin	<u>\$ 38,294,092</u>	<u>\$ 41,261,386</u>	<u>\$ 43,703,524</u>	<u>\$ 45,906,931</u>
Total net debt applicable to the limit as a percentage of debt limit	14.39%	12.20%	11.81%	14.65%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 909,102,653
Debt limit (10% of assessed value)	90,910,265
Debt applicable to limit:	
General obligation bonds	9,096,916
Less: amount set aside for repayment of general obligation debt	<u>374,250</u>
Total net debt applicable to limit	<u>9,471,166</u>
Legal debt margin	<u>\$ 81,439,099</u>

Year					
2004	2005	2006	2007	2008	2009
\$ 59,647,642	\$ 83,161,407	\$ 90,653,218	\$ 96,616,510	\$ 108,094,183	\$ 90,910,265
7,806,827	7,374,221	6,940,609	7,031,033	6,197,815	9,471,166
<u>\$ 51,840,815</u>	<u>\$ 75,787,186</u>	<u>\$ 83,712,609</u>	<u>\$ 89,585,477</u>	<u>\$ 101,896,368</u>	<u>\$ 81,439,099</u>
13.09%	8.87%	7.66%	7.28%	5.73%	10.42%

CITY OF ALVIN, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	2000	2001	2002	2003
Gross Revenues (1)	\$ 5,338,808	\$ 5,756,706	\$ 5,261,825	\$ 5,202,315
Operating Expenses (2)	2,210,210	2,495,442	2,257,614	2,518,769
Net Revenues Available for Debt Service	\$ 3,128,598	\$ 3,261,264	\$ 3,004,211	\$ 2,683,546
Debt Service Requirements (3)				
Principal	\$ 994,849	\$ 1,055,244	\$ 1,125,344	\$ 1,156,616
Interest	818,811	766,555	760,163	938,232
Total	\$ 1,813,660	\$ 1,821,799	\$ 1,885,507	\$ 2,094,848
Coverage	1.73	1.79	1.59	1.28

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 5,278,796	\$ 5,183,862	\$ 6,036,003	\$ 6,190,290	\$ 6,750,856	\$ 6,605,025
<u>2,717,189</u>	<u>2,943,051</u>	<u>2,378,938</u>	<u>4,027,507</u>	<u>4,166,715</u>	<u>4,361,497</u>
\$ 2,561,607	\$ 2,240,811	\$ 3,657,065	\$ 2,162,783	\$ 2,584,141	\$ 2,243,528
\$ 1,233,053	\$ 1,146,810	\$ 1,436,945	\$ 1,429,846	\$ 1,556,533	\$ 1,478,461
<u>898,598</u>	<u>782,824</u>	<u>826,533</u>	<u>1,036,558</u>	<u>881,892</u>	<u>875,517</u>
<u>\$ 2,131,651</u>	<u>\$ 1,929,634</u>	<u>\$ 2,263,478</u>	<u>\$ 2,466,404</u>	<u>\$ 2,438,425</u>	<u>\$ 2,353,978</u>
1.20	1.16	1.62	0.88	1.06	0.95

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

<u>Fiscal Year Ended Sep-30</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2000	19,221	\$ 327,065,000	\$ 17,016	33.00	11,444	6.00%
2001	21,413	\$ 350,766,000	\$ 16,381	32.30	11,619	5.70%
2002	21,413	\$ 360,445,000	\$ 16,833	33.00	11,760	8.30%
2003	21,413	\$ 341,131,000	\$ 15,931	33.00	12,046	8.20%
2004	21,413	\$ 379,460,000	\$ 17,721	33.00	12,100	8.20%
2005	21,413	\$ 403,635,000	\$ 18,850	34.00	12,600	7.30%
2006	21,413	\$ 457,017,000	\$ 21,343	31.40	14,000	7.30%
2007	21,413	\$ 480,593,000	\$ 22,444	32.00	15,300	8.20%
2008	21,413	\$ 518,087,000	\$ 24,195	32.50	16,000	8.20%
2009	21,413	\$ 519,651,000	\$ 24,268	33.00	16,000	8.30%

Data sources:

- (1) Bureau of the Census
- (2) The school enrollment reflects enrollment in schools located within the City limits.
- (3) Texas Workforce Commission

CITY OF ALVIN, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2009			2000		
	Employees	Rank	Total City Employment (%)	Employees	Rank	Total City Employment (%)
Alvin Independent School District	2,000	1	33.44%	1,701	1	34.86%
DISH Network	1,030	2	17.22%			
Wal-Mart	514	3	8.59%	450	5	9.22%
Alvin Community College	500	4	8.36%	500	3	10.25%
Solutia, Inc.	465	5	7.77%	497	4	10.19%
INEOS Olfens & Polymers USA	429	6	7.17%			
Ron Carter Automotive	310	7	5.18%	360	6	7.38%
Lyondell/Bassell	300	8	5.02%	252	7	5.16%
Team, Inc.	247	9	4.13%	103	10	2.11%
City of Alvin	186	10	3.11%	185	8	3.79%
Amoco Petrochemical				711	2	14.57%
RiceTec				120	9	2.46%
Total	5,981		100.00%	4,879		100.00%

CITY OF ALVIN, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>General Fund:</u>										
Administration	5	5	4	4	4	5.5	5.5	7	6	2
Legal	2	2	2	2	3	2	3	3	3	3
Municipal	2	2	2	2	2	2	2	2	2	2
City Secretary	3	3	3	3	3	3	3	3	3	3
Finance	9	9	7	7	7	6	7	7	7	9
City Hall	1	1	1	1	1	0	0	0	0	0
Public Safety										
Police	61	61	61	67	68	69	70	74	76	72
Fire	0	2	2	2	2.5	2.5	3	3	3	4
Fire Marshal	0	0	0	0	1	1	1	1	1	1
Humane	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks	9.5	10	9.5	9.5	11	9.5	9.5	10.5	10	10
Facility Maintenance	0	0	0	0	2	1	1	1	1	1
Economic Development	0	0	0	0	0	0	2	2	2	2
Public Works										
Administration & Facility	3	3	0	0	0	0	0	0	0	0
Street	15	14	13	13	13	16	16	17	19	20
Engineering										
Engineering	8	8	8	8	11	9	9	9	9	4
Inspections	4	5	9	6	3	3	4	4	4	5
Planning	1	0	1	1	0	0	0	0	0	4
Code Enforcement	0	0	0	0	0	0	0	0	0	4
General Fund Total	125.5	127	124.5	127.5	133.5	131.5	138	145.5	148	148
<u>Enterprise Fund:</u>										
Administration	7	7	7	7	7	6	7.5	7.5	7	8
Water, Sewer, WWTP	23	23	23	22	23	24	24	24	24	24
Enterprise Fund Total	30	30	30	29	30	30	31.5	31.5	31	32
<u>Internal Service Fund:</u>										
Administration	3	5	5	5	5	5	4	4	4	4
Internal Service Fund Total	3	5	5	5	5	5	4	4	4	4
<u>Emergency Medical Services:</u>										
Administration	2	2	2	2	2	2	2	2	2	2
Emergency Medical Service Total	2	2	2	2	2	2	2	2	2	2
TOTAL CITY POSITIONS	160.5	164	161.5	163.5	170.5	168.5	175.5	183	185	186

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Police				
Physical arrests	1,928	2,005	2,136	2,388
Traffic violations	n/a	2,737	3,476	4,118
Fire				
Emergency responses	633	549	612	579
Inspections	n/a	n/a	n/a	694
Sanitation				
Monthly residential pickups	4,693	4,734	4,766	4,846
Commercial container	748	775	788	765
Culture and recreation				
Athletic fields	19	19	21	21
Water				
New accounts	62	101	87	26
Total number of water connections	5,575	5,676	5,763	5,789
Average daily consumption (thousands of gallons)	2.541	2.496	2.469	2.496
Sewer				
Average daily sewage treatment (thousands of gallons)	3.000	3.150	3.150	3.150

Source: Various City departments

Fiscal Year

2004	2005	2006	2007	2008	2009
2,351	2,506	2,627	1,557	2,201	1,973
2,840	2,378	1,936	2,620	3,074	3,405
626	710	724	712	889	894
673	634	747	876	884	461
4,819	4,903	5,042	5,147	5,317	5,339
792	797	602	781	845	835
21	21	21	21	21	21
170	96	237	154	128	93
5,959	6,055	6,975	7,129	7,257	7,350
2,311	2,350	2,287	2,226	2,379	2,774
3,250	3,500	2,395	3,000	2,965	2,552

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Police				
Stations	1	1	1	1
Patrol units	31	31	31	35
Fire				
Fire station	2	2	2	2
Volunteers	54	54	62	63
Highways and Streets				
Streets (miles)	113.0	113.0	113.0	113.0
Parks and recreation				
Parks acreage	83.7	83.7	83.7	83.7
Parks	13.0	13.0	13.0	13
Swimming pools	1	1	1	1
Tennis courts	2	2	2	2
Water				
Water wells	4	5	5	5
Water mains (miles)	162.0	162.0	162.0	170.0
Fire hydrants	598	603	603	603
Storage capacity (thousands of gallons)	4.347	4.199	2.496	2.496
Sewer				
Sanitary sewers (miles)	111.0	100.0	100.0	106.0
Storm sewers (miles)	29.0	29.0	29.0	29.0
Treatment capacity (thousands of gallons)	10.749	15.000	15.000	15.000

Source: Various City departments

Fiscal Year					
2004	2005	2006	2007	2008	2009
1	1	1	1	1	1
35	32	32	35	34	36
2	2	2	2	2	3
61	63	57	61	64	65
169.0	192.0	178.0	178.0	178.0	180.0
88.0	88.0	91.0	108.0	108.0	101.0
13	13	15	15	15	16
1	1	1	1	1	1
2	2	2	2	2	2
5	5	5	5	5	5
175.0	137.0	142.0	145.0	145.0	145.0
785	891	876	901	905	905
2.311	2.496	2.496	2.496	2.496	7.920
110.0	135.0	138.0	140.0	104.0	104.0
29.0	35.0	38.0	50.0	50.5	50.5
15.000	15.000	15.000	15.000	15.000	15.000

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